

**MACKAYE HARBOR WATER DISTRICT
BOARD OF COMMISSIONERS
MINUTES
October 18, 2022**

CALL TO ORDER

The Board of Commissioners for MacKaye Harbor Water District met on October 18th 2022 at the residence of San Olson. Chairman Olson called the meeting to order at 5:03 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 September 20 Minutes

Olson requested the correction of two grammatical errors; A. Haeefe made the corrections by pen to the paper copy of the minutes. Olson moved to approve as corrected; Jennings seconded; the minutes were approved unanimously.

B. Approval of Vouchers and Payroll

A. Haeefe distributed the claims payment request form and payroll.

Olson moved to approve the payroll, Krumbholz seconded; the payroll was approved unanimously in the amount of \$512.00.

The claim documents were reviewed; A. Haeefe explained that there were two claims to approve; an additional claim voucher needed to be created to accommodate Wayne Haeefe & Associates' invoice which was received later; no objections were noted; Olson moved; Krumbholz seconded; the claim vouchers were approved in the amounts of \$3,103.87 and \$1,250.00 for a total of \$4,353.87.

C. Financial Report

A. Haeefe distributed the general fund reports; she stated that Cosgrove is in the process of reviewing the July billings since all payments had been received; there is no income to report for this period except a small estimate for interest; total income for the year to date is \$64,420.33; there is nothing to note about the expenses aside from pointing out the annual Box fee for document storage that was included as a reimbursement on the True Bloom invoice; the total expenditures for the month came to \$4,906.29; leaving a cash balance of \$14,253.82; and \$25,000 still in the investment pool.

Olson said Krumbholz noticed that Cosgrove is listed as clerk on the website still; A. Haeefe said she had wondered about this because some of the responses to her roster adverts were addressed to Cosgrove; W. Haeefe said he had corrected this previously on the website and will need to go back and double check that there aren't any pages that still have her information; Krumbholz said he will look again and try to find where he saw it; if he finds it again, he will send the link to W. Haeefe.

D. Manager's Report

W. Haeefe said that he had not been able to reach Arnott yet for a report of any happenings over the last month; he had looked at the meter readings spreadsheet but found that the most recent file only went up through August; A. Haeefe responded that she had just received the September readings from Trisha Arnott that day; she has been receiving them later and later lately; Olson mentioned that his readings will be high from June through September due to watering the trees; this will need to be charged separately in the next billing.

W. Haeefe said he had read in an email from the EPA that they are expecting to issue their final guidance by the end of the year, but they have temporary guidance documents which state that they will credit the cost of doing preparatory work like environmental and archeological going back into 2021; after reading this he was concerned about making sure this gets done for our capital projects; he went through the SOQs and determined that Shannon & Wilson was the best choice for environmental; he sent them further information and asked them for a proposal for the pressurization project and the generators; Sarah Corbin responded that she would prepare a proposal. In the interest of time, W. Haeefe requested to have the authority to sign the proposal and get her started working as long as there were no objections to the proposal from the commissioners after their review; unanimous agreement was reached that W. Haeefe should have the authority to officially engage Shannon & Wilson if their proposal is agreeable. Krumbholz asked if biological covers plant life and if we had ever had this type of assessment done before; W. Haeefe responded that yes it covers plant and animal life and that OPALCO has done the assessment for Agate Beach but none of the other locations have ever been assessed.

W. Haeefe said that since we had not received any SOQs from archeological firms, he had tried to contact Stacy Brumbach, but her email bounced back; he then left her a voicemail asking her to call him; he surmised that she may have left Jacobs Engineering and started working independently again; if he doesn't hear back from her, he will reach out to a company in Blaine WA called Drayton Archeology as well as several other firms.

W. Haeefe stated that any location on low land will need to be assessed; the pump station likely won't need it but the well field and anywhere along the distribution system where digging is required in order to make connections will need it; Olson asked if this work was included in the OPALCO report; W. Haeefe replied that these connections would be in support of pressurization and not in the same scope as the OPALCO assessments for Agate Beach.

Olson commented that it will be hard to get into the well site without weed whacking; Jennings replied that we would need to leave everything as it is for these firms to do their work and they have boots and the equipment needed to navigate the conditions; A. Haeefe said that unless there is a true danger she thinks the site would need to be left alone.

W. Haeefe reported that the SOQ for Wayne Haeefe and Associates is in with the stack of SOQs for the commissioners' consideration.

Jennings asked if the plan is still to put a new tank up at the pump station; W. Haeefe responded that there are multiple options; he is currently leaning towards putting a large water tank and a flow paced pump station at the well field site rather than simply putting bladder tanks at the well field and letting the well pump pressurize it; in order to get more approved connections, the distribution systems needs to be one big pressurized system with enough storage to meet DOH requirements for storage.

Olson asked W. Haeefe to reconfirm that there would be enough financial wiggle room on the pressurization upgrade plan to fit within the funding we are applying for; W. Haeefe confirmed. Jennings requested that W. Haeefe prepare an outline of what he is proposing for the next meeting that shows the cost of cement tanks as compared with big steel tanks; he asked if it would be possible to put in a smaller 40-50k gallon tank instead of the full 80k gallon tank and then add another one later; W. Haeefe said this could be done as long as there is enough space at the site; Krumbholz mentioned that he doesn't think we should get side-tracked by budgets yet and that it would be helpful to first come to a conclusion about what the preferred option is, aside from price, and then consider price.

Krumbholz asked W. Haeefe if it would be possible to send a copy of the Agate Beach Lane plans to customers so they know where the new line and hookups will be; he reported that a customer had recently asked him for this; W. Haeefe said yes, he can easily meet the request by providing a copy of the plan via email or a DropBox link if the file is too large.

Krumbholz mentioned that he had come across a copy of the Agate Beach Lane easement for OPALCO and it looked like they were going down the east side of the road and that there was also a reference that said the center of the road; He suggests W. Haeefe compare it with our easement and have OPALCO submit for correction if needed in order that their easement shows the work on the west edge of the lane.

Olson asked if there was any news on the OPALCO agreement; W. Haeefe responded that he had sent the most recent version to the lawyer, Dick Johnson, for review.

Commissioners Reports

None

F. Public Comment

Noreen asked for clarification on which side of the road the Agate Beach Lane pipe will be on; W. Haeefe confirmed the west side of the road.

Noreen also mentioned that she was impressed with the USDA Loan calculations and all the work going into these meetings; she wishes more people would come to the meetings; Olson agreed.

Krumbholz said he thinks we should have another Public Presentation before the work begins to notify the public of final decisions, the plan for all system upgrades, and the anticipated benefits to customers.

G. Commissioners Additions to the Agenda

None

UNFINISHED BUSINESS

A. Financing for Agate Beach Lane Project:

A. Haefele started the conversation by clarifying the numbers shown for the USDA loan in the 2023 budget draft; based on most current calculations, \$104,557 is OPALCO's share of the Agate Beach Lane project and \$216,098 is the District's share; if USDA requires that we take out a loan for the entire project amount it would be those two numbers added together, or \$320,654.

W. Haefele said that when he originally created the estimate spreadsheet his understanding was that USDA would be reimbursing us to pay down a construction loan and that our outstanding debt with USDA would only include our share; at the last meeting it was clarified that we wouldn't need a construction loan and that USDA would reimburse us directly; which likely means we would need to take out the loan for both our share and OPALCO's share; although we can use OPALCO's share to pay down the loan early, it would not change the payment amount, it would only shorten the term of the loan; A. Haefele said that given this information, she should have used the total project cost \$320,654 on the 2023 budget draft as the USDA loan cost.

Olson said he looked at the loan calculations on a monthly basis; with the loan at \$216,098 and interest at 2.75% it came to about 10-12\$ per month per customer; at 3.5% it would be approx. \$20 per month per customer; A. Haefele said she had calculated based on 54 active connections but asked if she should include the standby customers and divide by 62 customers as this will make the numbers per customer a little better; all agreed the standby customers should be included.

Krumbholz stated that the USDA loan will likely be the only outside money that we get to cover the 20% (\$173,620) EPA match requirement; he agreed the USDA loan will cover this.

A. Haefele asked if it could be possible to take out a construction loan only to cover the OPALCO share so that MHWD doesn't have to roll this into the USDA loan; Krumbholz responded that it might be possible but will depend on when OPALCO will be paying us.

Krumbholz pointed out that if we want to have enough funding for the entire scope of our improvements (\$984,000 total project cost) we will not be able to use OPALCO's share to pay down the USDA loan and it will need to be used to fund other parts of the improvements instead.

Krumbholz also noted that there is a timing issue, what happens if OPALCO is slow to pay? The EPA said that if we can tell them what our source is for the 20% match, they don't care when we get it; this does mean that we would have to get the \$100,000+ from OPALCO if we are going to complete all our upgrades.

A. Haefele asked if the OPALCO agreement states that they will pay us as invoices come in; W. Haefele confirmed that it does; A. Haefele also asked if the \$25,000 in the MHWD investment fund would be enough to cover construction bills as they come in; W. Haefele said the project is about 3 months and will be about \$100,000 in bills per month, so it would not be sufficient.

Olson said it is our goal to borrow the minimum amount of money to complete the project in order to keep the financing costs low for customers; we should use the lower \$216,098 amount on the 2023 Budget. Krumbholz stated that the only way to reduce the cost to the customers is by not using the full EPA grant since our 20% would go down with it; unless the County comes through with PFFAP funds; this would reduce the amount of USDA funds we would need to borrow; Olson reported no news on the PFFAP application yet; as far as he knows it has not yet come through the County Council.

A. Haefele said she needs an estimate from W. Haefele on engineering costs for next year; W. Haefele said he has not yet sat down and done an estimate of the work from an engineering standpoint; he knows it will be more than the \$15,000 placeholder on the budget draft; industry standard for this type of work usually comes to about 6% of construction costs; he stated that since the commissioners are not familiar with the going rate for construction costs, he feels they should get a proposal from another engineering firm as a comparison.

Olson asked what degree of detail they need to give a firm in order for them to write a proposal; W. Haefele said to define the problem needing to be solved and the budget to work within; Olson expressed concern over providing the budget; W. Haefele said yes give them the budget that we have money for so they don't give a solution that costs more than the funds available; Krumbholz wanted to know why we wouldn't specify what work we want done?; W. Haefele responded that if we don't dictate the form of the solution then they might give us a solution we never thought of, which could be beneficial.

W. Haefele clarified that an engineering firm cannot be selected based on price; it has to be based on qualifications only, and then price can be negotiated; you also can't have two proposals head to head and choose between them; the proposal is not just a number, it includes the team, schedule, and concept so you can assess what the relationship is going to look like; you must assess, negotiate and reject before moving on to another firm.

W. Haefele advised the commissioners to make a list of 5 selection criteria to judge the firms by and whichever one comes out highest ranking based on the selection criteria can be chosen; follow the legal requirements and retain documentation; Olson confirmed they would schedule a working meeting to evaluate the firms and proceed from there.

Olson asked about the change in contact with USDA; A. Haefele confirmed that Darla O'Connor is no longer with the USDA and Koni Reynolds, a superior of Darla O'Connor, is the new contact for MHWD; her email implied that they would help us work through this and all resources will be available to us; A. Haefele confirmed that she had requested a call as soon as Koni is available and Krumbholz will be included.

B. Statements of Qualification Review

Discussed above in section A.

Paper SOQs to be left at residence of San Olson for review at commissioner workshop.

C. 2023 Budget

Discussed above in Section A.

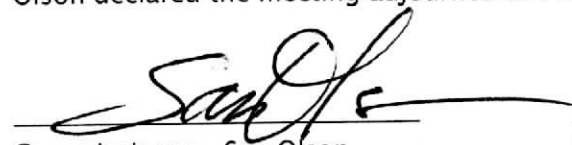
Alice asked if she should increase the interest rate on the USDA loan in the budget to 3.5%; Yes.

NEW BUSINESS

None

ADJOURNMENT

Olson declared the meeting adjourned at 7:15 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