

SACHEEN LAKE WATER & SEWER DISTRICT

January 18, 2017

Location: Sacheen Fire Station

The meeting was called to order at 5:00 pm with the pledge. Commissioners Johnsen, Pearman and Quick were in attendance as well as DM/Pearman.

-C/Pearman reviewed the agenda.

-Commissioner Pearman was called out at 5:07.

RATE HEARING: DM/Pearman presented rate proposals for 2017

1. ECY fund is building up well with regular monthly payments. I do not recommend any rate changes to this fund.
2. Public Works Trust Fund interest only payment is due 6/1/17. After that there will be an annual principal and interest payment due June 1 of each year to be paid per the amortization schedule.

Many people have asked when this annual payment is to begin and many have asked if we could bill it out monthly as fees and charges instead of an annual payment. I would like to propose that as we are behind in the billing of PW reimbursement that we

- A. Begin billing as fees and charges with the January billing. This would bring in an annual income of \$165,120 (our first annual PW payment due 6/1/18 is \$156,952)

| | | | | |
|---------------|-------|-------------------|-----------|----------|
| Full Service: | \$45 | (\$45 x 275 x 12) | \$148,500 | annually |
| Stub: | \$35 | (\$35 x 33 x 12) | \$13,860 | annually |
| CC: | \$125 | (\$125 x 12) | \$1,500 | annually |
| OS: | \$105 | (\$105 x 12) | \$1,260 | annually |

| | Full | Stub | CC | OS |
|------------|----------|----------|-----------|-----------|
| ECY | \$ 98.41 | \$ 74.49 | \$ 282.61 | \$ 237.95 |
| PW | \$ 45.00 | \$ 35.00 | \$ 125.00 | \$ 105.00 |
| Settlement | \$ 8.00 | \$ 8.00 | \$ 8.00 | \$ 8.00 |
| O&M | \$ 27.00 | \$ 13.50 | \$ 54.00 | \$ 54.00 |

| | | | | |
|-----------------|-----------|-----------|-----------|-----------|
| Monthly Billing | \$ 178.41 | \$ 130.99 | \$ 469.61 | \$ 404.95 |
|-----------------|-----------|-----------|-----------|-----------|

- B. I also propose a **ONE-TIME** payment to be due in March of 2017 that would bring in \$178,710

| | | |
|---------------|---------|----------------------|
| Full Service: | \$525 | (x 275 = \$162,750) |
| Stub: | \$400 | (x 33 = \$13,200) |
| CC | \$1,500 | |
| OS | \$1,260 | |

This one-time fee would net \$178,710 to be used to pay part of the interest due June 1. The 5 months' worth of payments would net \$67,140 for a total of \$245,850 the remaining amount needed to pay the interest payment due 6/1 I suggest come from the ECY debt service account.

3. Settlement payment

Using \$300,000 as District responsibility and not having the financing worked out, I suggest that we split that amount evenly over each ERU for a monthly payment of \$8

4. System Operation & Maintenance

Nathan has passed his operator's test and per policy he gets an additional \$1 per hour and then another \$1 per hour with the full certification. He should get that later this spring. I recommend increasing the O&M rate by \$2 per month to cover this and other operating expenses.

Call for comments

-M. Kanyer suggests we take harder look at numbers because we will have challenges to special benefits. Don't think it's going to go away so make allowances for it.

-D. Kanyer asks why the amounts being paid to DOE the same for stub lots as full service

-J. Johnsen asks what the repercussions are for someone who has a lien on their property. Mostly effects cost of getting loans.

-M. Kanyer the LID process required proof of special benefits, by not exercising the LID for assessments, it changes the right to challenge

-J. Johnsen questioned whether the project was presented through LID process both times.

-M. Kanyer comments that LID was the funding mechanism and asks how many times can the public be misled.

Requests for comments were made three times.

-J. Johnsen notes that the annual rate for PW goes down as interest is paid.

C/Johnsen MM to accept the rates for 2017 as presented. C/Quick seconded the motion and the motion was unanimously passed.

BUDGET HEARING: DM/Pearman presented budgets for consideration and approval

2016 SUPPLEMENTAL BUDGET

Capital Project/Construction

Budgeted Amount \$525,210

Amended Amount \$1,100,200

Reason: ECY reimbursement request submitted 11/19/2016 was not received until 12/30. Paid out in 2017

2017 Debt Service

ECY Repayments Due in 2017 total \$369,718.06

6/30/2017 \$184,859.03 Due

12/30/2017 \$184,859.03 Due

Currently fund totals \$347,879.48

PWTF Repayments Due 6/1/2017

If 2% Interest \$336,092.27

If ½% Interest \$296,221.44

Budget for the larger amount while try to get reduction or changes from PW Board.
Currently have no funds in this account due to litigation and inability to close out loan.
Working on plan to present to PW Board to address issues. Requested repayment to PW with the first ECY pay request in March of 2015 but was told it had to be done in a separate pay request. ECY's new EAGL system so slow in making payments that there was never an opportunity to do a separate pay request because contractor payments were already delayed. Finally paid it back in April 2016 when I went ahead and submitted the reimbursement request along with other pay request.
Loan close-out date has been extended to end of 2017.

Request for comments made three times with no response.

C/Johnsen MM to approve the 2016 supplemental budget as presented. C/Quick seconded the motion and the motion was unanimously passed.

C/Quick MM to approve the 2017 Ecology Debt Service budget as presented. C/Johnsen seconded the motion and the motion was unanimously passed.

C/Quick MM to approve the 2017 Public Works Debt Service budget as presented. C/Johnsen seconded the motion and the motion was unanimously passed.

The next regular board meeting will be February 8, 2017 at 5 pm.
Meeting was adjourned at 5:46.

Sheila Pearman, District Manager