

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD February 14, 2008

Commission President Patrick Alesse called the meeting to order at 4:30 PM. Other persons present included Commissioners Don Montfort and Carl Reichhardt, General Manager Roger Brown, Engineering Services Manager Dan Eisses, Attorney Robert Carmichael, Treasurer Glenn Golay, Engineer Rodney Langer, Conservation Specialist Emily Resch, Operations Manager Mike Sowers, and Luke van't Hoog (BP).

Agenda additions/changes: none

Public Input: none

Consent Agenda included: Minutes for the Regular meeting of January 10, 2008 and January 24, 2008; Accounts Payable Warrants #36968-37019 paying Claims #36968-37019 for \$91,269.50; January Payroll Warrants #5667-5691 for \$59,321.29 and February Payroll Draw Warrants #5692-5705 for \$16,100.00, January adjusting entries to UBS for \$2,140.24 charges and \$470.25 credits and to Assessments for \$4,698.68 charges; January EFTPS withholding deposit made on 01/31/08 for \$21,672.47; and January Financial Reports for review. It was moved by Montfort and seconded by Reichhardt to approve the Consent Agenda. The motion passed unanimously.

Developer Extensions: No persons present for discussion.

BP Wastewater/Water service: Roger talked about the draft water agreement. BP has asked for some changes and Roger will be working on that next week. Roger noted that the PUD is in favor of a contract directly between Birch Bay and BP. Luke indicated that he liked that idea.

Roger noted that district staff is still working with Blaine city staff on the water supply contract. FCSG is expected to release draft conceptual contract terms in the near future as negotiations continue. District and city staff met this week and also reviewed the Gantt chart task schedule.

Roger discussed the PUD board meeting and issues discussed there.

Roger and Emily reported on the meeting today of the coalition small municipalities in the north part of the county to collaborate regionally on water conservation programs. The concept of "odd even" watering programs was discussed at the meeting and the cost of providing rain gauges. Meter calibration service was another topic reviewed. The regional meetings are expected to continue.

Storm Water Inflow – Dan reported that Mariners Cove has installed some new backflow devices in their wastewater system. All the condo buildings will be protected. Dan is meeting with Health Department officials tomorrow to discuss the inflow issue and RV parks impact on inflow. Dan also reviewed a letter received from the Resort Park regarding the invoice the District sent them for costs of district personnel and services to address the inflow problem. Dan reported on the flow monitoring project, which has concluded. Dan likes the results produced by the flow meters. He feels it shows activity clearly and could be a big help in monitoring inflow. He noted that even though 70 problem connections have been corrected in the Park, the flow during rain events is still high. Dan feels the problem lies in underground sewer lines in need of

repair and potentially some direct connections. Dan talked about the cost of purchasing the flow meters and software. It is over \$17,000 for two meters and the accompanying software. Mike addressed a question from Commissioner Montfort regarding the reliability of the flow meters being proposed and how they compare with other types of meters.

The board went into Executive Session at 5:20 pm to discuss an issue of potential litigation. They expect to be in session for 20 minutes with no action anticipated afterwards.

Coming out of Executive Session at 5:40 pm, the regular agenda was resumed.

There was general discussion regarding a program of installation of wastewater flow meters for the resort park account types and designing a sewer usage charge rate that would take into account the impact of inflow problems in that customer type. It was moved by Montfort and seconded by Reichhardt to direct staff to review and study this proposal further and bring a recommendation to the board at a future meeting. The motion passed unanimously.

Following up from the last board meeting, Glenn reported that of the \$3,342 owed by B Hruttfjord on a locked off account, \$867 is late charges. If the water leak has been repaired, there would also be a possible \$141 leak credit. Mr. Hruttfjord was not present to make any specific payment proposal. It was moved Reichhardt and seconded Montfort to give Glenn authority to make payment arrangements with Mr. Hruttfjord that would include crediting the account for the \$867 in late charges. In addition, the account will not be turned on until the balance is paid in full and the reported water leak is repaired. The motion was passed unanimously.

Dan reviewed the proposal to the Public Works Trust Fund to change the project scope and request an extension of the water project loan. Dan also presented CHS' scope and fee proposal for the Hall Road waterline design for approximately \$50,000 and \$49,000 for sub-consultants. This would take the total approved contract amount for the Blaine and Hall Road project to \$196,100. It was moved by Montfort and seconded by Reichhardt to approve the proposal. The motion passed unanimously.

The Drayton Harbor Road waterline replacement: The County has asked for an archeological assessment on the project and will withhold the shoreline permit until that is done. Also they say we need an erosion and control plan. Rodney is putting together a plan for that. Dan talked about getting an archeological consultant for the project and what would be the preferred method of pipe installation that would be the least impact on archeological issues. Dan asked for approval to enter into a contract with Equinox Research for archeological services. Commissioner Reichhardt moved to approve Dan's request. The motion was seconded by Montfort and passed unanimously.

The County's Lincoln Road improvement project was discussed. Road construction is scheduled for spring of 2009. That schedule would require relocation of the district water line during the winter of 2008-2009. Dan feels that we need to begin the review and design for relocating the line. He will make a recommendation at a future meeting on this project.

Dan gave a status report on current developer extension projects. Homestar condo project, Phase 2, was discussed, including amending the DE agreement to allow the District to issue a "will-serve" letter after payment of the GFC's for this phase per Dan's recommendation. It was moved Montfort and seconded Reichhardt to approve the amended DE agreement. The motion passed unanimously.

2008 Budgets: The commissioners and staff then began the review of the proposed budgets for 2008. Commissioner Montfort asked that staff would give the board some more detail on the reason for the increases in operating expenditures. Roger responded that staff will work on that for the next meeting. Dan reviewed the specific projects and equipment in the Capital budget proposal. He asked for specific approval for purchase of three flow meters, as well as purchase of a new oven used in the lab testing process. It was moved by Montfort and seconded by Reichhardt to approve the flow meters and lab oven purchases. The motion passed unanimously.

Roger informed the commissioners that our financial advisor (Lindsay Sovde of Seattle NW Securities) has recommended refunding the remaining bond debt. This would result in a net interest expense saving of approximately \$125,000. All the remaining bonds are past their call date, thus this recommendation. Roger also discussed related issues such as reviewing the impact of our financial policies and covenants on the district's credit worthiness, noting that refunding all outstanding debt would require development of a new parity bond resolution, including the potential for revising covenants if deemed appropriate. Staff will put together a specific recommendation for presentation at the next board meeting.

There being no further business, the meeting was adjourned at 8:05 pm

COMMISSIONER

COMMISSIONER

COMMISSIONER

THIS IS TO CERTIFY that the above is a true and correct copy of the minutes for the regular meeting of the Board of Commissioners of Birch Bay Water and Sewer District, Whatcom County, Washington, held **February 14, 2008.**

BOARD SECRETARY

(minutes taken by Glenn Golay)