

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD October 13, 2011

Commission President Don Montfort called the meeting to order at **4:33 pm**. Other persons present included Commissioners Pat Alesse and Carl Reichhardt, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael, Operations Manager Mike Sowers, Interim Finance Director Meredith Riley, and Jeremy Schwartz.

Agenda additions/changes: Add Accounts Payable Warrants 41013-41016.

Public Input: None.

Consent Agenda included: Minutes for the Regular meeting of September 22, 2011; Accounts Payable Warrants #40978-41012 paying Claims #40978-41012 for \$116,768.91; September Payroll Warrants #7316-7325 and auto payments #10044-10057 for \$97,401.97 in total; September EFTPS withholding deposit and Utility Billing and LID adjusting entries, Delegation of Spending Authority Commission Policy, Resolution 710-Governing Payments and Transfers of District Funds, and Resolution 711-Maintenance Fund and Accounts Resolution. It was moved by Reichhardt and seconded by Alesse to approve the Consent Agenda. The motion passed unanimously.

Developer Extensions: None.

Real Property Sale: Dan reviewed the Double R Ranch property again. Several lots located in the Double R Ranch did sell in the last year. Costs for keeping up the District owned lots in the Double R include brushing and clearing and association dues. Brushing and clearing cost \$1,800 this year (more normal annual cost is \$500-\$750). Association dues cost \$2,256 for 2011 with a proposed 15% increase for 2012. Dan's recommendation is to wait and see how the County's foreclosure action goes. Dan thought we should revisit this in approximately 6 months. The Board concurred.

Policy Updates: Dan presented seven Commission policies to discuss and update.

Number 3: Procurement Authority flowchart; the District doesn't follow it, recommendation is to delete.

Number 4: Emergency Water Plan is out of date and an update is included in the Water Comprehensive Plan. Recommendation is to delete.

Number 7: Application for Water/Sewer Service, including beginning date of Water and/or Sewer Service Charges; this policy is redundant, and recommendation is to delete.

Number 26: Seat Belt Use by District Employees is covered by state law and the personnel handbook. Recommendation is to delete.

Number 27: Non-Smoking Areas is covered by state law and the personnel handbook. Recommendation is to delete.

It was moved by Reichhardt and seconded by Alesse to delete the above policies from the Commission Policy manual. The motion passed unanimously.

New proposed Commission policy: Adjustment to Utility Bill-Late Fees. Past practice has been to allow late fee adjustments, but policy has not been written. The proposed policy is to allow one late fee removal if the customer has had only one late payment in each of the last three years. The adjustment requires two signatures. It was moved by Alesse and seconded by Reichhardt to approve this policy. The motion passed unanimously.

Update of Commission policy: Meeting, Training, and or Emergency Repair-Lodging, Meal, Coffee and Light Refreshment and Mileage Expenses. There was discussion on whether to adopt the State travel policy. Dan presented a red-lined copy to update the District policy. It was moved by Alesse and seconded by Reichhardt to approve the updated District policy. The motion passed unanimously.

2012 Budget Progress Report: Roger presented the Board an overview of the 2012 Budget. The biggest issue has been the weather-related revenue short fall for the last two years. There has been a drop in consumption that has had a cumulative impact. Most of the Districts costs are fixed. One significant area of decrease has been a 13% decrease in the cost of water purchased in 2012 due to a decrease in the City's wholesale rates. In addition, the District owes \$15,000 to City of Blaine according to the annual true-up for 2010, an amount that will be paid in 2011. Although certain elements of labor such as health care costs are increasing, the overall labor is decreasing due to a 7% decrease in positions in 2012. Mike S reviewed increases and savings in operational costs. Don would like the staff to review overtime costs. Dan presented a rate comparison of the water and sewer rates in Whatcom County. The District's bill for an average level of usage is the lowest in the County by a significant margin. Roger gave the Board a copy of the proposed water rates from City of Blaine for 2012.

WRIA 1 Watershed Plan: Roger met with Gary Tomsic, City of Blaine Manager. Gary is supportive of the District's position on WRIA 1. The County needs to take the lead on this issue so there is better representation and an open public forum. Roger has not heard when a water resource work session might be scheduled for the County Council. Roger is somewhat encouraged with what he is hearing.

Developer Extensions:

Harbor Shores: City of Blaine and Harbor Shores home owners association have a draft agreement and who is responsible to maintain the force main. Dan has a question on who has regulatory authority to step in if the Home Owners Association is not performing. The City of Blaine may take over the maintenance. Dan is still thinking about a comp plan amendment. If the City takes over the service area, then the District is not as concerned.

Accounts Payable: A separate run of Accounts Payable Warrants #41013-41016 paying Claims #41013-41016 for \$8,717.31 was presented. It was moved by Reichhardt and seconded by Alesse to approve the Accounts Payable. The motion passed unanimously.

The Board meeting went into executive session at **5:54 pm** to discuss potential litigation. The time in executive session is estimated to be 20 minutes; no action is anticipated. The meeting came out of executive session at **6:19 pm**. No action was taken.

The Board meeting adjourned at **6:19 pm**.

COMMISSIONER

COMMISSIONER

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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 **October 13, 2011**.

BOARD SECRETARY