

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD **November 17, 2011**

Commission President Don Montfort called the meeting to order at **4:35 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: Accounts Payable Warrant 41115 was added, and Resolution 713 for MRSC No. 9.

Public Input: None.

Consent Agenda included: Minutes for the Regular meeting of November 10, 2011; Accounts Payable Warrants #41102-41114 paying Claims #41102-41114 for \$14,844.09; November Payroll Draw Warrants #7339-7340 and auto payments #10083-10092 for \$15,400.00 in total; Utility Excise Tax Payment of \$10,731.91, and October Financial Reports. Warrant 41115 for \$552.97 was also included in the approval. It was moved by Reichhardt and seconded by Alesse to approve the Consent Agenda. The motion passed unanimously.

Developer Extensions: None.

Forcemain Update: Dan spoke on the forcemain project regarding the archaeological excavation permit. Dan looked at the RCW and the permit. Dan verified the definition of archaeological material. All of the material needs to be curated. The permit states that the depository must be Western Washington University. Dan recommended sending it to WWU. It was moved by Alesse and seconded by Reichhardt to approve contracting with WWU, which will raise the total funding of archaeology in the project by \$25,000 to \$240,830. The motion passed unanimously.

SCADA Request for Proposal: Mike spoke to the SCADA request for proposal. He described the methods of advertising for this RFP. He expects the project to stay within the budget of \$105,000. The Board was appreciative of his work on the RFP.

MRSC Resolution 712 & 713: Dan spoke to this issue. Resolution 706 updated the Small Works Roster process, and at that time we had a discussion on contracting with MRSC for publishing for the small works roster and for consulting and engineering services. The two resolutions update the BBW&SD code and there is also a MRSC contract for Roger to sign. It was moved by Reichhardt and seconded by Alesse to adopt the resolutions. The motion passed unanimously. It was moved by Alesse and seconded by Reichhardt to authorize Roger to sign the MRSC contract. The motion passed unanimously.

BBWARM Interlocal Agreement: The Interlocal Agreement goes to the County Council on November 22. The incorrect Board President was named on the agreement, but Bob thought that could be changed administratively. Roger asked the Board for authorization to sign. It was moved by Alesse and seconded by Reichhardt to authorize Roger to sign the BBWARM interlocal agreement. The motion passed unanimously.

2012 Budget & Rates: Roger presented the Board with an update on rates. Two options were changing the number of days for cash balances policy, and modeling a bond sale to see if either would be beneficial to rates. The base case was to temporarily suspend the 180 cash balance policy. Alternative two changes the cash balance policy to 45 days. A consultant would need to review if this is a viable option. Roger did talk to a bond underwriter who suggested a 120 days cash balance. Alternative three looks at a \$3 million bond sale. It retains the 180 days of cash balance. This drives the rate increase to 15.25% the first year. Alternative four looks at a bond sale and a 45 days cash balance. This produces the most favorable for a

lower rate increase. Roger still believes the rate increase for 2012 should be 10%, staying with the present District financial policies.

Carl knows the District has done everything we can to reduce costs, and most of our costs are fixed. Dan showed graphs of what a 10% across the board rate increase would look like. Carl liked the across the board increase. Dan then showed a 10% increase just on the base rate. Don expressed concern of the 10% increase. Don would like to have the ability to accelerate the CIP, if necessary to take advantage of state funding, so he realizes that would require a rate adjustment. Don feels there will be State money for public works projects in the near future. Don suggested an 8% increase. Dan showed the Board an 8% flat rate increase, fixed and variable for water and sewer. Carl agreed with the 8% increase, flat rate. It was moved by Alesse and seconded by Reichhardt to adopt the 8% flat rate for water and sewer across the board. The motion passed unanimously.

Roger requested approval of the 2012 Operating and CIP Budgets. It was moved by Reichhardt and seconded by Alesse to adopt the 2012 Operating and CIP Budgets. The motion passed unanimously.

WRIA 1 Watershed Plan: Roger attended a Whatcom County Council work session for WRIA 1 on November 15. Roger spoke at the work session on a number of issues, one of which is that the County should be the lead on implementing watershed activities, not the PUD. The tribe has reportedly requested an adjudication in Federal court. Roger went into detail on who spoke on different issues. The County Council has expressed concerns on the requested funding of \$341,000 with lack of clarity of what is going to be accomplished.

Additional Meetings: It was decided a special meeting was not necessary at this time.

Annual Wholesale Water Meeting: Roger spoke to this issue. A number of District staff including Carl, some City of Blaine Public Works staff, a City Council person, and the Blaine City Manager met yesterday. The City staff expressed an interest in another work session with the City Council. There was a discussion on reclaimed water. Roger and Carl felt it was a productive meeting. Both parties have benefited from the cooperation now experienced with Gary Tomsic, Blaine City Manager.

Developer Extensions: Dan reviewed a current Commission policy – Certain Multiple Accounts. A Park is replacing 9 sites for water, which is both a RV park and mobile home park. A building permit may be needed from Whatcom County. The District would like to have individual meters installed. The Board felt this policy has failed. Dan will rewrite this policy. It was moved by Reichhardt and seconded by Alesse to waive this policy for this park. The motion passed unanimously.

The Board meeting went into executive session at **6:18 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 **6:42 pm**. No action was taken.

The Board meeting adjourned at **6:42 pm**.

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 **November 17, 2011.**

BOARD SECRETARY