

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD May 24, 2012

President Pat Alesse called the meeting to order at **4:30 pm**. Other persons present included Commissioners Don Montfort and Carl Reichhardt, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Evan Jones, and Interim Finance Director Meredith Riley.

Agenda additions/changes: None.

Public Input: None.

Consent Agenda included: Minutes for the regular meeting of May 10, 2012; Accounts Payable Warrants #41543-41563 paying Claims #41543-41563 of \$25,461.81; May Draw Payroll Warrants #7405-7406 and auto payments #10228-10237 for \$15,775.00 in total, Manual Warrant #901149 of \$8,693.00 to Dept of Revenue for April excise tax, Manual Warrant #901150 of \$141.44 to Elavon for April credit card fees, and Utility Billing and LID Assessment April adjustments. It was moved by Montfort and seconded by Reichhardt to approve the Consent Agenda. The motion passed unanimously.

Developer Extensions: None.

Additional Accounts Payable: Accounts Payable Warrants #41564-41579 paying Claims #41564-41579 of \$13,575.01 were presented. There was a question on grounds-keeping; Dan will review and report back. It was moved by Montfort and seconded by Reichhardt to approve the additional Accounts Payable. The motion passed unanimously.

State Funding: Dan reported the Public Works Trust Fund applications that are due May 31. Dan had a list of the three project applications sent in. These are: 1) Water project on Blaine Rd from the Double R Ranch to the Birch Bay Bible Church for \$1.5 million, and Automatic Meter Reading (AMR) program for \$1 million; 2) Sewer project for WWTP aeration upgrades for \$0.5 million.

Dan is recommending applications for Sewer Pump Station #3 to #4 capacity upgrades for \$2 million, and Birch Bay Berm Pump Station #4 to #8 capacity upgrade, including waterline work for \$4 million. Dan called the PWTF application to the attention of the Board regarding rate increases. The Board agreed that we should go ahead with the two additional project applications.

Cash Reserve Policies: Roger again spoke to the cash reserve policy review that FCSG accomplished. This included the current policies of \$2.6 million, results of FCSG study of \$1 million, then Staff recommendation for minimal level of \$748,686, and optimal policies for the Bond market of 1.75-2.0 for debt service coverage and 150-180 days cash balance. Roger walked the Board through rate modeling of each potential cash reserve policy. Roger looked at some additional scenarios that transition to increased cash reserves more slowly. Roger thought the Board might accept the minimum level of reserves, eventually transitioning to a moderate level of reserves. Roger suggested that he would draft policies that reflected this.

Delegation of Authority for Payables: In April the staff had proposed a policy regarding approval of vouchers without a Board Meeting in situations when the meeting would be needed simply to approve vouchers. The Board had questions on what internal controls are in place. Meredith reviewed a flow chart showing the authorization and disbursement of District funds.

Fixed Asset Policy: Although the District no longer has fixed assets on the Balance Sheet, we are still required to track fixed assets, and we have a subsidiary fixed asset system. Meredith drafted this proposed policy, taken from another Water/Sewer District. The threshold for a fixed asset would be \$5,000, and then an additional list would be maintained for small and attractive assets, such as a digital

camera. This is a first reading. Commissioners also inquired about inventory controls, which will be addressed at a future meeting.

Commission Policy #9, Adjustment to Utility Bills – Water Leaks: Dan has rewritten this policy to include leaks that are due to customer oversights and/or errors; not just structural leaks. The customer has to stop the leak within two weeks. Also, the loss must be at least 1000 cubic feet per ELU to qualify for a credit. Dan will review this policy again and bring it back to the Board.

WRIA 1 Watershed Planning: Roger called some information to the Board’s attention regarding WRIA 1 and reported on a meeting he had had that morning with DOE. He also reviewed DOE’s use of Overriding Consideration of Public Interest in the Skagit area. In addition, he presented a grant agreement from Puget Sound Partnership that conveyed funds to the WRIA 1 Consolidated Board.

WWTP Update: Dan reported on the WW Treatment Plant improvements report from CHS Engineers and HR Esvelt Engineering. He presented copies of specific parts of the report to the Board. Dan went over the engineers’ recommendations and cost estimates with the Board. The next steps are to do SEPA and a scope and fee for design. The Board said to keep moving forward.

Double R Ranch Leased Lots: Roger asked Evan to report on the letter from the Double R Ranch Association’s attorney. The County just recently agreed to move forward to legalize these leased lots. There is one form to sign tonight to have Zender Thurston to act as agent for the District if the Board approves. It was moved by Reichhardt and seconded by Montfort to approve the signing of the form. The motion passed unanimously.

Developer Extensions: None to report.

Pat Alesse adjourned the Board meeting at **6:23 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 **May 24, 2012**.

BOARD SECRETARY