

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
OF BIRCH BAY WATER AND SEWER DISTRICT,  
HELD April 24, 2014

Acting President, Commissioner Carl Reichhardt, called the meeting to order at 4:33. President, Commissioner Pat Alesse came at 4:38 and assumed the Presidency during agenda item "Risk Pool Update". Other persons present included Commissioner Don Montfort, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael and Finance Director Sandi McMillan.

**Public Input:** None

**Agenda additions/changes:** Roger Brown added an item after #16, "Attorney representation".

**Consent Agenda included:**

**Minutes for the regular meeting of March 27, 2014;**

**Manual Checks:**

- **Dept of Revenue** excise tax for March 2014 paid in April with MC#18      \$ 4,190.99
- **Elavon** credit card fees for March 2014 paid in April with MC#19      \$ 604.05
- **American Express** fees for March 2014 paid in April with MC#20      \$ 37.05
- **Key Bank** analysis fee for March 2014 paid in April with MC#21      \$ 224.17

**Accounts Payable:**

- Checks #43581-43616 for 2014 Budget      \$ 62,471.62  
Paying claim vouchers #307-362
- Checks #43617-43637 for 2014 Budget      \$ 30,647.04  
Paying claim vouchers #363-422

**March 2014 Payroll and Draw**

- (Checks #7761-7769 plus non-negotiables)      \$ 143,212.34

**March 2014 Utility Billing Adjustments**      \$ 6,831.92

It was moved by Don Montfort to approve the consent agenda. The motion was seconded by Carl Reichhardt. The motion passed unanimously.

**Developer Extensions:** None.

**Risk Pool Update:** Sandi McMillan summarized the handout in the board binder as the draft "Underwriting Insurance application" to renew insurance with the Water and Sewer Risk Management Pool (WSRMP). She highlighted three main components in the application: personnel costs, itemized property to insure and a completed questionnaire on audit/internal control procedures. This application will be used by the pool to insure for 2014/15. At a recent risk pool meeting we learned the renewal rates are estimated to stay the same or increase slightly. In 2013/14 the District paid \$72,179 to insure with WSRMP, so staff believes the renewal rate will be approximately the same or slightly higher. Carl Reichhardt mentioned that the value of the property itemized seemed higher than what it would cost to replace, but also mentioned it may include demolition and other costs. Don Montfort asked if we reconcile the property list to other District property records such as GFC calculations. Staff will ask the risk pool when they will conduct our next property analysis.

**2014 1<sup>st</sup> Quarter budget to actual reports:** Sandi McMillan presented a summary page accompanying the 1<sup>st</sup> quarter 2014 reports. The Commissioners reviewed this document and discussed it with staff. Mrs McMillan discussed a draft of the District Code chapter 2.08.20 adding "canceled meetings" as an event that would authorize staff to pay all claims, not just those that will incur a penalty. She shared that analyzing invoices for payment terms is often difficult because not all payment terms are listed on an invoice. Don Montfort asked if the statutes addressed this issue. Dan Eisses commented that staff wanted to get an preliminary input from the Board before looking closely at the RCW's. Commissioners requested that staff move ahead with the RCW research.

**Blaine Coordination:** Dan Eisses spoke on the Portal Way Bridge waterline proposal. The City of Blaine wanted to do a temporary waterline. The BergerABAM proposal for Portal Way Bridge waterline relocation analysis and final design was presented, and alternatives A, B and C were detailed. Mr. Eisses shared concerns on the 6" line. Mr. Montfort questioned the cost elements in the proposal and Mr Eisses shared what was known at this point. Mr. Montfort also spoke on planning for a worse case scenario type contingency plan. Peak daily flows were reviewed and Mr. Montfort was satisfied with staff working on the contingency plan.

Mr. Brown reviewed certain elements of the current wholesale water supply contract with the City of Blaine and discussed the status of a pending task order providing for cost sharing on a contract with Kennedy Jenks regarding preparation of a concept paper pertaining to a proposed interbasin transfer project.

**WRIA 1 Watershed Planning:** Mr. Brown spoke about the Planning Unit and the Process and Procedural Agreement in reference to the use of majority vote. Mr. Montfort asked a question on the PU Process and Procedural Agreement edits in regards to a restricting voting to persons knowledgeable about the issues. Mr. Montfort stressed the importance of inclusion.

**Headworks Update:** Mr. Eisses presented the Board with pictures of the progress on Headworks. The power savings associated with using a single aeration basin is estimated at \$1,600/month. He further illustrated the roof, influent box piping, and grit chamber gate systems. The contractor continues to perform well and no new change orders have been added.

**NPDES Permit:** Mr. Eisses itemized the Tier II Eligibility Determination process on the permit. Mr. Eisses further summarized a recent Cherry Point Aquatic Reserve meeting. The permit should be advertised for public comment soon.

**Additional Accounts Payable:** Accounts payable of \$40,949.20 paying check numbers 43638-43652 (vouchers 423-443) were presented. The motion was made by Mr. Montfort to approve the additional accounts payable as presented. The motion was seconded by Mr. Reichhardt. The motion passed unanimously.

**Customer Accounts:** Mrs. McMillan explained the leak credit request on account #120029100 and staff recommendation to approve as an unexplained leak credit as customer requested in letter with removal of late fee. Mr. Montfort made the motion to approve the removal of those charges. The motion was seconded by Mr. Reichhardt. The motion passed unanimously.

Mr. Eisses explained account #70000001 and the billing analysis from 2002-2014. This account has been billed for 2 units, although the owners now say that they removed the 2<sup>nd</sup> unit in 2002. The district estimates the overcharge at \$2,381.72. District Code requires the property owner to notify the District in writing when there is a change in use of a premises. Commissioners referred to Mr. Carmichael for some questions and then referred back to the District staff. Mr. Montfort moved to deny the request for past service credit due to District policy on notification. The motion was seconded by Mr. Reichhardt. The motion passed unanimously.

Mrs. McMillan discussed account #60017600 and recommended removal of the lock off charge. Mr. Montfort supported removal of the late fee and lock off charge and the other Commissioners agreed.

**Double R Ranch:** Resolution 731 was proposed by Mr. Eisses to add other costs borne by the district directly attributed to the properties. The motion was made by Mr. Montfort to approve the resolution 731. The motion was seconded by Mr. Reichhardt. The motion was carried and passed unanimously.

**Attorney Representation:** Mr. Carmichael spoke on his representation for the City of Lynden and wanted to bring, again, to the attention of the board proactively the names of other parties that he represents. Mr.

Montfort asked the attorney what happens at the earliest point of a conflict of interest. Mr. Carmichael believes the clients preference is more important than senior or junior relationships of clients. Mr. Carmichael opened the door for future questions from the board.

**Developer Extensions:** Mr. Eisses explained the developer request regarding a golf course and 350 units of residential housing in the City of Blaine. He further itemized irrigation to the golf course challenges as of including 9 holes in City of Blaine and 9 holes in the district; along with the district policy on not supplying potable water to golf courses. Staff recommended drafting a policy change to supplying golf courses with water.

Another developer extension, Science of Spirituality (SOS) would drain by gravity to our area as explained by Mr. Eisses. City of Blaine (COB) would like the connection charge. The calculated cost for our service connection would be approximately \$25,388.34. This includes water and sewer GFC's and Birch Bay View LFC for 2 units. Mr. Eisses suggested, as a temporary solution, this become a COB customer and the District would get a reimbursement payment from COB, with the district service provided through ravity. Commissioners questioned whether this procedure would meet our obligations to our rate payers, both generally and in Birch Bay View. Mr. Alesse expressed an interest in understanding how the property would be treated if it developed fully. Staff will research these questions and report back to the board at a future meeting.

Mr. Reichhardt noted the PUD minutes reference their interest in gaining franchise rights on all county roads.

The Board meeting was adjourned at **7 pm**.

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COMMISSIONER

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COMMISSIONER

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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 **April 24, 2014**.

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BOARD SECRETARY