

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD May 8, 2014

President, Commissioner Pat Alesse, called the meeting to order at 4:30. Other persons present included Commissioner Carl Reichhardt, 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 executive session item.

Consent Agenda included:

- 2. Minutes of April 24, 2014 Regular Meeting** (revised)
- 3. Accounts Payable:**

Checks #43653-43667 for 2014 Budget	\$ 10,179.48
Paying claim vouchers #444-463	
- 4. April 2014 Payroll and Draw**

(Checks #7771-7778 plus non-negotiables)	\$ 142,676.15
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- 5. April 2014 Utility Billing Adjustments**

	\$ 643.23
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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.

Finance Report: Sandi McMillan presented the 2013 Annual Financial report, which will be uploaded to the State of Washington Auditor website this month. She stated that since implementing the new accounting software this year, the District is using the “State of Washington Budgeting, Accounting and Reporting system (BARS)” as its chart of accounts. In the future, the district can more easily and efficiently produce the financial statements for the annual report. Notes to the financial statements are especially important in cash basis financial statements as they provide a larger context on commitments of the district such as compensated absences and public trust fund loan payment schedules.

Mrs. McMillan presented a draft resolution to amend District Code chapter 2.08.20 adding “canceled meetings” as an event that would authorize her, as District Treasurer, to pay all pending district claims, not just those that would incur a penalty if not promptly paid. She mentioned the code requires compliance with the full RCW 42.24.180 so the policy conforms with State statute. Don Montfort questioned if the proposed code revision was still too narrow. Mrs. McMillan replied that with six months on the job she felt the proposed broadening of authority as Treasurer was enough for her to function efficiently. Mr. Montfort moved to approve Resolution 732. Carl Reichhardt seconded the motion. The motion passed unanimously.

Mrs. McMillan introduced a resolution to adopt the Local Government Investment Pool (LGIP) prospectus. This resolution was created by the State of Washington Treasurer. Mrs. McMillan summarized the ten page document as including an investment strategy, timing of withdrawal and deposits, and other operational items. She mentioned the LGIP prospectus also defines liquidity and most importantly identifies areas of investment risk. Mr. Montfort moved to approve the resolution 733. Mr. Reichhardt seconded the motion. The motion passed unanimously.

Blaine Coordination: Dan Eisses spoke on the need for a school program judge and Pat Alesse volunteered. Mr. Eisses then discussed the Portal Way Bridge project and coordination with the City of

Blaine. Currently the coordination includes analysis of existing water line capacity. He cited an ability to provide 1.75 million gallons a day. Because that amount of water has not been needed since 2009, he said he was reasonably confident it would remain sufficient. During the bridge project, the City of Blaine has indicated that they still want water available through a redundant system. Staff feels they can meet the demand but are still looking into a contingency plan. Commissioners inquired about tasks within the project and directed Mr. Eisses to continue with the project coordination.

Roger Brown reviewed certain elements of a recent meeting with Department Of Health regarding the inter-basin transfer project. Potential funding for a feasibility study was highlighted. Mr. Reichhardt mentioned the State Revolving Fund has planning grants available, as well as Rural Development. Mr. Montfort suggested connecting with the Infrastructure Assistance Coordinating Council.

Mr. Brown continued with a summary of meeting with County Councilmember Carl Weimer. In that meeting he highlighted the concept paper and discussed possible County funding. Mr. Brown expressed the District's interest in adding this project to the County water projects list. Mr. Brown also shared with Mr. Weimer concerns over supporting proposed Groundwater Modeling Study with the Joint Board Fund.

WRIA 1 Watershed Planning: Mr. Eisses conveyed feedback from concerned parties on the Coordinated Water System Plan (CWSP) and referred to a printed email communication. Most notably the feedback from concerned parties included speculation that the CWSP might include an assessment of all currently held water rights. Mr. Montfort and Mr. Carmichael both indicated at some point there will need to be an assessment of current water need and perhaps that need would better inform the plan.

Mr. Brown spoke regarding the attorney Thomas Pors' memo "Post-Swinomish update". The topic of "out-of-kind" mitigation was defined by Mr. Brown.

Mr. Brown reported on formation of additional irrigation districts in Whatcom County. He said he understood County Council referred this item back to committee.

Mr. Carmichael and Mr. Brown highlighted their presentation topic for the upcoming public "Forum on Water Resources and Water Rights" which will be held May 13 at Ten Mile Grange.

Headworks Update: Mr. Eisses highlighted progress on the project which included the cement slab inside the building having been poured and stairs constructed outside the building. He said the grit chamber work was progressing and the storm drainage pipe on the outside is being completed. He reviewed a draft change order for the project, which included six items. Mr. Eisses reported that he is pleased with the progress on construction and the actual expenses compared to the headworks Capital Improvement Project budget. Mr. Reichhardt noted some recent claims submitted by district staff outside of the Award Construction claims. Mr. Eisses explained there were a few items outside of the plan awarded to Award Construction, such as the roof ties. He said he will be more attentive to these items going forward.

Additional Accounts Payable: Accounts payable of \$344,085.45 for checks #43668-43688, paying vouchers 464-494 from 2014 budget. Mr. Montfort moved to approve the additional accounts payable. Mr. Reichhardt seconded the motion. The motion passed unanimously.

Customer Accounts: Mr. Eisses explained a sewer easement issue to the Commissioners regarding a lot which the district had documented as a developer extension. The lot in question currently has no sewer connection. The new construction next to it had apparently cut the existing side sewer line to the lot referenced. Mr. Carmichael advised that the issue seems to regard private property and is not within the district's jurisdiction.

Double R Ranch: Mr. Eisses received an appraisal quote for the three Double R Ranch lots at \$4,000. This quote is from the same appraiser that had reviewed the lots in the past. The Commissioners were amenable to the cost of the quote and instructed staff to proceed with appraisal.

PWTF Applications: Mr. Eisses spoke to the model resolution included in the Board binder as a requirement from the Public Works Trust Fund prior to formal loan application. Mr. Eisses explained that the loan amounts should be increased to \$1.5 million for the Automated Meter Reading project as the cost analysis from Walla Walla reflected that level of costs. The Pump Station 3-4 project budget should be increased to \$2.5 million for the PWTF application. Mr. Montfort moved to approve Resolution 734. Mr. Reichhardt seconded the motion. The motion passed unanimously.

WaterCAT: Mr. Brown spoke on the agenda for the WaterCAT meeting. A proposed agenda was included in the binder. An additional member to the WaterCAT was discussed, as well as possible Board participation. Mr. Montfort indicated a question might arise regarding the BERM status and that district staff should include it on the agenda.

Developer Extensions: Mr. Eisses explained the developer request regarding a golf course and 350 units of residential housing in the City of Blaine.

Mr. Eisses stated that another developer extension, Science of Spirituality (SOS), a property within the City of Blaine, can be served efficiently by the Birch Bay View Sewer project. This sewer would drain by gravity to our area as explained by Mr. Eisses. In coordinating service for SOS with Blaine, a cost of service analysis was completed. This service is considered temporary to the District, as the area eventually will receive service from Blaine. Staff will continue to investigate options.

Mr. Eisses included an allocation of foregone interest earnings (on deferred connection fees) in his cost analysis of temporary service. He explained this procedure paralleled the method the District used in calculating temporary service to BP. The District costs to serve SOS compared to City of Blaine rates was discussed in detail. The Commissioners discussed different elements in costing temporary service and directed District staff to include allocation of the "outside district" surcharge per district policy. This surcharge is 1.5 times the bill.

Executive session: The Commissioners entered executive session at 6:52 to discuss potential litigation and estimated 15 minutes. The Board came out of executive session at 7:50. It was the consensus of the Board for Mr. Carmichael to write a letter to the County Executive regarding the proposed use of the Joint Board fund for groundwater modeling, and for Mr. Brown to provide support to that endeavor.

Mr. Eisses reviewed tab 20, PUD meeting minutes.

The Board meeting was adjourned at **7:54 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 8, 2014**.

BOARD SECRETARY