

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD June 12, 2014

Acting President Commissioner Carl Reichhardt called the meeting to order at 4:33. Board President Pat Alesse arrived at 4:37. Other persons present included Commissioner Don Montfort, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael and Finance Director Sandi McMillan. Present in the audience was Northern Light Newspaper Reporter Steve Guntli.

Public Input: None

Agenda additions/changes: None

Consent Agenda included:

2. **Minutes of May 22, 2014 Regular Meeting**
3. **Accounts Payable:**

Checks #43746-43782 for 2014 Budget	\$ 437,261.71
Paying claim vouchers #555-614	
4. **Manual warrants**

Dept of Revenue excise tax for April 2014 paid in May with MC#22	\$ 11,778.51
Elavon credit card fees for April 2014 paid in May with MC#23	\$ 936.15
American Express fees for April 2014 paid in May with MC#24	\$ 15.57
Key Bank analysis fee for April 2014 paid in May with MC#25	\$ 110.30
5. **May 2014 Payroll**

(Check #7779-7787, direct deposits and taxes)	\$ 146,295.04
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6. **May 2014 Utility Billing adjustments**

	\$ 102.35
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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 a memo she had written to Roger Brown regarding District financial policy and the investment of funds. She focused her investment analysis on three areas: protection of principal, liquidity of funds and earning the highest possible return on investments. Her analysis showed District deposits at KeyBank are effectively earning more than investments in the Local Government Investment Pool. She also mentioned the deposits are protected through the Public Deposit Protection Commission.

Mrs. McMillan updated the Board on the revenue model. She indicated the first page was an updated revenue model with 2014 actual beginning fund cash balances and the adopted budget. She said the second page was taking that update and adding other known items for this year such as the amended CIP budget and an anticipated reduction in expenses based on payment of certain 2014 budgeted items in 2013. She pointed out that with this updated information the revenue model showed a rate increase for 2017-2019 above previously forecasted. She informed the Board she will give another revenue model update in September when additional information is known on the CIP expenditures and revenue.

Mrs. McMillan forwarded the "Retrospective Rating Agreement with WASWD" to the Board for review and asked that Roger Brown be approved to sign the agreement. She detailed a cost benefit analysis included in the Board binder showing the benefit for this program. It was moved by Mr. Montfort to direct Roger Brown to sign the agreement. The motion was seconded by Mr. Reichhardt. The motion passed unanimously.

Blaine Coordination: Mr. Brown updated the Board on the Interbasin Transfer Project. He mentioned a recent meeting with the Lummi Tribal Nation and highlighted key points discussions from that meeting.

Mr. Brown stated he has given the consulting firm Kennedy Jenks notice to proceed on the Interbasin Transfer Project concept paper. Mr. Brown mentioned that Dan Eisses will work toward analyzing existing water rights and water needs in support of the concept paper.

CWSP Meeting: Mr. Eisses reported that he attended the Coordinated Water System Plan (CWSP) Pre-Scoping meeting (6/4/14). He updated the Board on the topics involved in that meeting. Mr. Eisses said there was an interest in redesignating the entire county as a critical water supply area. Mr. Eisses handed out an email he sent to Gary Stoyka titled "CWSP Follow Up" which requested a written coordination plan since there are several existing planning processes. This email also clarified that the Water Districts Caucus supports continuation of the Joint Administrative Board.

WRIA 1 Watershed Planning: Mr. Brown updated the Board on the Planning Unit by sharing the agenda for the meeting (6/25/14) and pointed out the need for additional staffing resources at the Planning Unit.

Mr. Brown indicated a letter written by Mr. Carmichael to Dan Gibson, Whatcom County Chief Civil Deputy, expressing concern over ongoing violations of Whatcom County policy and the Whatcom County Charter. Mr. Carmichael spoke on the letter's content to the Commissioners. Mr. Montfort asked about Planning Unit membership for parties not currently on the group.

Mr. Brown shared the Joint Board meeting summary (5/29/14) and comments by Skip Richards within that summary.

Mr. Brown followed up on a prior request from the Commissioners to see Mr. Carmichael's presentation on "water law" again and asked the Board if they wanted the presentation, including information on foreign water, at a later date. Mr. Montfort recommended a special meeting and to extend the invitation to the WaterCAT, Water Districts Caucus participants and Blaine City Council members. Commissioners requested Mr. Brown work with staff on a location and date.

Headworks Update: Mr. Eisses reported the Headworks project is projected to come in under budget. He said recent progress includes piping on the walls and painting. He presented change order #1 with a \$15,011 addition, along with a draft of change order #2 which includes the influent piping changes. Mr. Eisses sought approval for change order #1. Mr. Reichhardt moved to approve change order #1. Mr. Montfort seconded the motion. The motion passed unanimously.

Additional Accounts Payable: Accounts payable of \$196,404.26 for checks #43783-43802, paying vouchers 615-639 from 2014 budget were presented. Mr. Montfort moved to approve the additional accounts payable. Mr. Reichhardt seconded the motion. The motion passed unanimously.

Double R Ranch: Mr. Eisses indicated an email from Steve Oliver, Whatcom County Treasurer regarding tax-title property that the District continues to bill. Mr. Oliver's email questioned the statutory authority the District has to lien and assess charges on tax-title property. The District plans to change this bill into a Local Facility Charge (LFC) based on an equitable share of the cost of the system and will then delete the existing billings. Staff recommended that they tell Steve Oliver that in the next few months the charges will be removed and the Commissioners agreed.

Mr. Eisses handed out the appraisal document and a copy of the RCW which references the requirements to advertise. Mr. Carmichael spoke on the legal requirements to publish in a newspaper twice. He also said the advertisement should indicate the appraised price and the need to have at least 90% of the appraisal price for the sale. He advised adding language in the newspaper advertisement reserving the right not to accept bids. He said the newspaper advertisement also needs to indicate a date for opening the offers. He added that if on that date there are no offers, then the Board needs to do a resolution for the properties to go to a public auction. Mr. Carmichael said that the notice of intent to sell procedure

must be repeated in the event of a public auction. Mr. Reichhardt moved to accept the appraisals as presented. Mr. Montfort seconded the motion. The motion passed unanimously.

Blaine Road Water Line – Loomis Trail to Birch Bay Lynden Road: Mr. Eisses reminded the Board this design was started in 2009 but the District waited for funding in order to complete it. He showed a status update from CHS, with approximately 75% of the design finished. The Commissioners were comfortable with going with the existing contract and finishing the work.

BBWARM Water Line Conflicts: Mr. Eisses reported having been contacted by BBWARM on a few of their water line projects where our line conflicts. Mr. Eisses received clarification on the franchise issue from Mr. Carmichael and understands during these conflicts the District would be responsible to move water lines as needed. Mr. Eisses estimated costs would be less than \$50,000 to move the indicated water lines in conflict. Discussion continued on the costs involved to move the lines and contractors to perform the work. Mr. Reichhardt suggested leaving the water lines where they currently are and allowing BBWARM to complete their work. Staff were directed to make accommodations to the lines such as shutting them off, to allow BBWARM to complete their work around our existing lines.

Customer Accounts:

Mr. Eisses presented a request from State Parks to omit their accounts from late fees in the future. As background, Mr. Eisses said during the utility billing system conversion from ASP to Logics there were approximately twenty District billing accounts for government agencies that had been marked not to incur late fees. Mr. Eisses further said that in the new Logics system all of those accounts are now getting late fees. The Commissioners directed that District Code be followed and that late fees be imposed on all accounts. The Commissioners directed staff to send a letter to the accounts in question and notify them of District Code and late fees will apply.

The Twilight side sewer issue was discussed by Mr. Eisses. He mentioned that progress toward sewer service is being made. Mr. Eisses mentioned to the Board that a shut off of services notice was retracted and will remind the customer that payment is due.

Developer extensions: Mr. Eisses handed out a graph in reference to the Science of Spirituality (SOS) service and billing issue. He reminded the Board his current recommendation is that the City of Blaine (COB) keep SOS as a customer and the City make payments to the District. The graph showed the COB charges compared to the District's charges. Commissioners indicated they want to collect the actual District costs by applying the outside District rates. Mr. Eisses indicated that he would discuss with Blaine and bring a new proposal back to the Board.

Other items: Mr. Carmichael informed the Commissioners he applied to be the attorney for Lake Whatcom Water and Sewer District and was selected as counsel. He thought about conflicts of interest and brought the legal references for representation to the meeting if there were specific questions or concerns. He can't foresee conflicts in representing both Districts but wanted to bring to the attention of the Board. The Commissioners thanked Mr. Carmichael for the invitation and congratulated him.

Mr. Alesse shared that he was a judge at the school water conservation program and really enjoyed it again this year.

Executive session:

The Board meeting was adjourned at **7:12 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 **June 12, 2014.**

BOARD SECRETARY