

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

Board President Pat Alesse called the meeting to order at 4:30. Other persons present included Commissioner Don Montfort, Commissioner Carl Reichhardt, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael, Finance Director Sandi McMillan and four audience members.

Public Input: None

Agenda additions/changes: Mr. Brown stated that Mr. Carmichael would need to leave by 6:30

Consent agenda included:

2. **Minutes of July 10, 2014 Regular Meeting**
3. **Accounts Payable:**

Checks #43862-43876 for 2014 Budget	\$28,168.11
Paying claim vouchers #744-782	
4. **Manual Checks:**

Sage Pymts monthly service fee for June 2014 paid in July with MC#31	\$ 10.00
Key Bank analysis fee for June 2014 paid in July with MC#32	\$ 189.65
American Express fees for June 2014 paid in July with MC#33	\$ 17.77
Elavon credit card fees for June 2014 paid in July with MC#34	\$ 881.91
Dept of Revenue excise tax for June 2014 paid in July with MC#35	\$ 8,561.54

Mr. Montfort noted that the July 10, 2014 minutes regarding the customer application refund were missing record of the motion to approve. The Commissioners reaffirmed their approval to refund the application fee to the customer. Mrs. McMillan noted in handwriting on the July 10, 2014 minutes their reaffirmation of that item. It was moved by Mr. Montfort to approve the consent agenda with that correction. The motion was seconded by Mr. Reichhardt. The motion passed unanimously.

Developer Extensions: Mr. Eisses introduced the four audience members as representing the Developer Extension (DE) request "Calluna Beach/Shores Short Plat". Mr. Eisses presented detailed information from the "Review of Applications for Water Extension Calluna Beach/Shores Short Plats" to the Board. Mr. Eisses summarized the DE request as wanting to use a performance bond for the infrastructure developments required by code. Mr. Eisses informed the Commissioners this is a deviation from District code, which requires a deposit at the time of DE agreement.

Mr. Eisses said the District's Water Comprehensive Plan shows the properties within the District's service area and that the Calluna Beach property has a rural land use designation.

Heather Wolfe, representing the Calluna Beach DE proponents told the Board she had spoken to the Health Department on the property designation status and water availability. She explained the developer has an interest in drilling wells as opposed to a District water connection. She explained the Health Department approval of water availability is contingent on the DE agreement with the District. She summarized that once the District DE agreement is in place, the plats could be approved by the county and then the developer would install the infrastructure within three years or at the time of building permit, whichever was sooner.

Mr. Reichhardt asked about how much the bond would be for and Mr. Eisses clarified that the District's normal procedure would entail agreeing to an amount based on our engineers' estimate of the cost of the infrastructure. Mr. Eisses said the performance bond would normally be for approximately 150% of estimated DE costs. Mr. Eisses explained the design review fee would be included in that cost also. Mr. Montfort asked for a contingency if the developer doesn't complete the project. Mr. Eisses mentioned at

the point of permitting for the building would be a good point in which the District would not approve. The Commissioners recommended that District staff proceed and draft a DE agreement which includes a performance bond.

Finance report: Mrs. McMillan reviewed a memo she had written to Mr. Brown which answered questions listed in a recent WSWD Internal Financial Controls article. She summarized the duties of Commissioners as overseeing the handling of public funds by approving internal fiscal control policies. She indicated items 9-11 as of particular interest to the Commissioners.

Blaine coordination: Mr. Eisses spoke to the Board about the District's water usage. He referenced a graph indicating peak days for this year in comparison to past years. This graph illustrated July 13th as the peak day so far this year at approximately 1,496,000 gallons. He indicated the second graph was the City of Blaine's well data and showed how much the District used of the City's total usage.

Mr. Eisses referenced a revenue graph which contains the District's actual billed amounts by month for the past three years. He said that the current revenue trend appears to be slightly above an average of the 2011-2013 budgets.

Concept paper: Mr. Brown handed out a draft titled "Concept Paper-North Whatcom Regional Source Feasibility Study". Mr. Montfort mentioned he would like to see information on the mitigation of water issue and that the map should show water going back to the streams. Mr. Reichardt indicated he would like to see more information addressing the need for the agricultural water rights. Mr. Reichardt asked that "Delta" be omitted from the water association bullet on the last page so it just reads "water associations". The Commissioners mentioned other parties to add to the 'interested parties' bullets as interest across the county has grown for the project. Mr. Brown told the Board he will be sending the draft to the City of Blaine for comment.

Coordinated Water System Plan (CWSP) Meeting: Mr. Brown brought the Board up to date on the recent CWSP meeting (7/17). He detailed his letter to Gary Stoyka concerning the CWSP process. He mentioned the CWSP needs to document how the processes work together and he recommended involvement of the Planning Unit. Mr. Brown updated the Board that the resolution on CWSP was held over at the Finance Committee and the Public Works, Health and Safety Committee until the Planning Unit can review and comment. Mr. Brown also spoke on the information written by Skip Richards.

WRIA 1 Watershed Planning: Mr. Brown updated the Board on the Planning Unit meeting (6/25) and mentioned there was a question on membership involving the fisheries seat. He referenced a presentation "Response to Council's Water Action Plan" as completed by Tyler Schroeder and said it was a step in the right direction. Mr. Brown detailed the "Memo to Whatcom County Council Regarding Water Action Plan Recommendations". Mr. Brown spoke on the need for staff resources for the Planning Unit to produce accurate agendas ahead of the meetings. Mr. Brown then spoke on Mr. Carl Weimer's blog, "Don't you love it when a plan comes together". Mr. Brown discussed that article in terms of funding within the existing flood fund allocations.

Mr. Brown spoke on his answers to Thomas Pors' memo, "Water Resource Planning Questions". He detailed further responses from Mr. Pors and spoke on the need to discuss instream flow rules in an open public process.

Mr. Brown commented on the special meeting held at the District office 7/17/2014 in which Mr. Carmichael presented "Water Resources and Water Rights".

Headworks update: Mr. Eisses said the Headworks project is moving along. He brought to the Board's attention the Award Construction claim for \$522,823.67 in today's additional accounts payable section. He mentioned the District had recently submitted an invoice to PWTF based on prior expenses. He showed the Board recent pictures of the Headworks project which illustrated different aspects of the grit chamber and an installed roll-up door.

Additional Accounts Payable: Accounts payable of \$542,474.97 for checks #43884-43911, paying vouchers 783-834 from 2014 budget were presented. Mr. Montfort moved to approve the additional accounts payable. Mr. Reichhardt seconded the motion. The motion passed unanimously.

Mr. Reichhardt mentioned having one set of accounts payable for approval, and omitting consent agenda Accounts Payable would be more efficient. Mr. Montfort said he appreciated getting the accounts payable ahead of the time of the Board meeting, perhaps the day before the meeting, would be helpful for his review. Commissioners were in agreement that an accounts payable item in the consent agenda was unneeded. Mrs. McMillan felt this would be a time saver and reduce the number of checks to the same vendor. She will implement the Commissioners idea immediately.

Double R Ranch: Mr. Eisses spoke about the three lots in Double R Ranch, two owned by Whatcom County and one owned by Double R Ranch. Those three lots are illegal and he said setting a LFC charge is needed so that when a customer purchases the lots and are able to get a building permit, they would pay a LFC and GFC. He detailed the worksheet that shows two different calculations for ways the LFC could be established. Mr. Brown asked for Mr. Carmichael to review the allowability of the calculations before the Commissioners approve.

Mr. Eisses updated the Board on advertisement for the three surplus lots that the District owns. He said the current advertisement includes The Bellingham Herald, The Northern Light, Craigslist, Zillow and many others. He also said there have been a few interested parties asking questions about these.

BBWARM Water Line Conflicts: Mr. Eisses updated the Board on conversations with the construction company Honcoop as being delayed since the project has been delayed.

Customer Accounts: Mrs. McMillan presented a draft revised policy, "Procedures for Utility Shut-off", as requested by the Commissioners at a previous meeting. She said by adding "government entities" to this procedure the District will avoid shutting off water service which could affect many members of the public.

Mr. Eisses explained he believes adding an extra week to the District's lock-off policy should resolve the issues of "government entities" being shut-off. Mr. Eisses said the threshold for lock-off could be raised from \$35 to a higher amount. Mr. Eisses reminded the Board the reason we went from a two billing cycle for delinquent account shut offs to a one billing cycle was for protection of landlords and to keep the size of the current bill totals lower for all District customers. Mr. Reichhardt motioned to pass the revised "Procedures For Utility Shut Off". The motion was seconded by Mr. Montfort. The motion passed unanimously.

The Commissioners directed District staff to look into raising the lock-off policy threshold limits and if needed return with a recommended amount. The Commissioners said to leave code 3.24.010 "Late charges for unpaid bills" unchanged.

Mrs. McMillan mentioned the customer request for account 150000680. She said he requested a budget plan and to not be subject to a delinquent account shut-off. The Commissioners recommended staff add the current bill and the delinquent bill and divide by a reasonable number of months. Mrs. McMillan will work with the customer on a monthly amount.

Mr. Eisses discussed parcel 400120029009. He detailed that this house is not connected to sewer and had terminated their water service in 2009. He said the property owner called today requesting to reinstate a water connection. Mr. Eisses said the District's code states that a water connection must also get a sewer connection. The Commissioners and District staff continued to discuss many different details of this property and specific request. Mr. Montfort moved that the account will be allowed to connect to water without requiring a sewer connection. Mr. Reichhardt seconded that motion. The motion passed unanimously.

The Commissioners raised the issue that a customer shouldn't be allowed to terminate services and then years later reconnect for a minimal charge. Mr. Eisses said District staff is working on updating the GFC/LFC amounts to see if they should be raised. The Commissioners suggested possible revisions to code 7.04.040 "Change of Use" and 7.04.050 "Termination of service" should be made to discourage water termination.

Mr. Carmichael left at 6:30pm

Employee accident: Mr. Brown and Mr. Eisses updated the Board on the recent staff accident as one that involved a chainsaw. They said the employee is at home now and recovering.

Developer extension: Mr. Eisses brought a draft agreement "Interlocal agreement Between the City of Blaine and Birch Bay Water & Sewer District Regarding an Interim Transfer of Sewer and Water Service Areas" for the property owned by Science of Spirituality. He said the draft agreement has been approved by Mr. Carmichael. The Commissioners recommended staff discuss the agreement further with the City of Blaine.

Mr. Eisses spoke on the draft Resolution to update code 7.20.010 "Charges" and 8.20.010 "Short-term Sewer Service" and mentioned the draft Resolution in the Board binders was for discussion. He indicated a plan to have Mr. Carmichael review those code changes soon and then at the next Board meeting bring it back for a decision.

Other items: None

Executive session: None

The Board meeting was adjourned at **7:55 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 **July 24, 2014**.

BOARD SECRETARY