

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD September 25, 2014

Board President Pat Alesse called the meeting to order at 4:30 pm. Other persons present included Commissioner Don Montfort, Commissioner Carl Reichardt, 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 stated that Bob Carmichael needed to leave at 6:30pm and Pat Alesse added an item to the end of the agenda for review of a Birch Bay tourism map

Consent agenda included:

2. **Minutes of August 28, 2014 Regular Meeting**
3. **Manual Checks:**

Dept of Revenue excise tax for Aug 2014 MC#43	\$ 12,710.74
Elavon credit card fees for Aug 2014 MC#44	\$ 711.80
Sage Pymt Solutions statement fee Aug 2014 MC#45	\$ 15.10
American Express fees for Aug 2014 MC#46	\$ 29.66
Sage Pymt Solutions on-line credit card fees for Aug 2014 MC#47	\$ 260.34
Invoice Cloud monthly service fee for Aug 2014 MC#48	\$ 56.80
KeyBank analysis fees for Aug 2014 MC#49	\$ 171.71
4. Payroll (Aug 2014) \$140,054.08
5. Utility billing adjustments (Aug 2014) \$ (3,260.01)

It was moved by Mr. Montfort to approve the consent agenda. The motion was seconded by Mr. Reichardt. The motion passed unanimously.

Developer Extensions: None

Public Works Trust Fund (PWTF) Loans: Sandi McMillan presented the District's debt schedule for 2013 and indicated five of the loans from PWTF had payment due months of July. She said Commerce has issued contract amendments to change those five loans payment due months to June.

Mrs. McMillan explained the District budget and revenue model includes the loan payments and the District usually pays the loans in June to assure the payments are received by PWTF by their due date. From her perspective the contract amendment has no effect on District cash flow or budget. The decision to sign the contract amendments is more of a political one in that the legislature could reallocate funds contractually obligated to be repaid to PWTF in this next budget cycle if the amendments were signed.

Dan Eisses further indicated an email from the Washington Association of Sewer and Water Districts (WASWD) Director Blair Burroughs, citing potential future negative impacts on loan availability if the amendments were signed. Don Montfort recommended following the email advice from WASWD and to have Mr. Carmichael review the contracts to see if not signing the amendments would have a detrimental effect. The Commissioners instructed District staff to bring the results of the attorney review back to the next meeting, noting the amendments were due back to Commerce by 11/14/14 and there would be enough time for a decision at the next meeting.

Finance Report: Mrs. McMillan followed up on a question from the Commissioners at the last Board meeting regarding the increase in manual checks. She described that a manual check recorded the

District expenses incurred through electronic or online transfers. These electronic transfers could include credit card processing fees, which by contract with the credit card processor are deducted from the District bank account electronically.

Mrs. McMillan informed the Board the State Auditor's Office (SAO) entrance meeting occurred on 9/22/14. She reviewed the four main focus areas which resulted after they were onsite for one week planning. Their audit report will evaluate accountability and compliance with state laws and regulations in the following areas: safeguarding of assets, third party cash receipting, utility billing and adjustments, and compliance with the Open Public Meetings Act. The Commissioners informed Mrs. McMillan they would be available for an exit meeting if the SAO felt the reporting levels warranted one.

Mr. Brown mentioned that during the SAO entrance meeting he had the opportunity to hear further clarification from the SAO on his identification of Whatcom County charter violations.

City of Blaine (COB) Coordination: Mr. Eisses explained the coordination meeting this month consisted of a telephone conference, rather than a face to face meeting. The Ridge at Semiahmoo development status was discussed in terms of the developer contributing toward a Blaine sewer comprehensive plan revision. Mr. Eisses will continue to discuss with COB on how to proceed with the comprehensive plan revisions including recent developments such as Science of Spirituality.

Mr. Eisses discussed the Whatcom County project on the Portal Way Bridge and that the city had received the consultants' evaluation of alternatives to supply water during the project. Mr. Eisses is continuing to review and provide comments to the city. Mr. Eisses also referred to a future zoning announcement in tab 20 for the Commissioners to read.

Coordinated Water System Plan (CWSP) Meeting: Mr. Brown spoke on the status of the CWSP as it was discussed at the Planning Unit and approved at committee but tabled by the County Council.

WRIA 1 Watershed Planning: Mr. Brown updated the Board on the recent events related to the Planning Unit. He spoke about the membership approval procedure questions and highlighted documents regarding in-stream flows.

Mr. Brown reviewed the Planning Unit (9/24/14) meeting agenda. Mr. Carmichael spoke on certain legal issues while present at that meeting of the Planning Unit. Mr. Carmichael explained the difference in legal opinion between Mr. Gibson, representing Whatcom County, and himself. The legal opinion difference centered on the questions of membership in the Planning Unit, including representation of irrigation districts as governmental entities and the State's right to vote at the Planning Unit on the same basis as local government. Mr. Montfort stated concern over budgeting a facilitator at the Planning Unit, when there seems to be a need for more of a parliamentary leader.

Mr. Brown mentioned he has asked Mr. Eisses to participate in the in-stream flow element of the Planning Unit's work plan. Mr. Brown spoke to the violations of the county charter and the need to present financial information for the joint administrative board in the County's budget document. He indicated a number of budget line items that are being discussed at the joint administrative board.

Headworks update: Mr. Eisses said the project is finishing up the last details. He presented a change order and said both of the additions were items previously approved by the Commissioners. The deductions in the change order were described in detail. Mr. Eisses mentioned there will be one more change order at the end of the project. Mr. Eisses requested approval of the Change Order #2. Mr. Montfort moved to approve the change order. Mr. Reichardt seconded the motion. The motion passed unanimously. Mr. Eisses invited the Commissioners to a tour of the completed headworks project and scheduled the tour at 4:30 pm at the next meeting 10/9/14.

Accounts Payable & Payroll: Three accounts payable batches were presented. Accounts payable of \$64,421.24 for checks #43985-44009, paying vouchers 977-1012; accounts payable of \$37,853.74 for

checks #44010-44021, paying vouchers 1013-1043; and accounts payable of \$208,492.30 for checks #44022-44052, paying vouchers 1044-1094. Mr. Reichhardt moved to approve the accounts payable. Mr. Montfort seconded the motion. The motion passed unanimously.

Double R Ranch: Mr. Eisses said the District had been paid for the recently sold lot 10W. He spoke to Whatcom County Planning regarding the process of wetland determination. Mr. Eisses then spoke to Cantrell Associates and received a quote for reconnaissance services for \$450 on the two properties. Mr. Eisses also clarified with the County their 'reasonable use' definition would apply to these lots if the lots were entirely within wetlands and onsite mitigation with monitoring through the hearing examiner could occur. Mr. Eisses indicated that option would be expensive. Mr. Eisses also indicated another option for the remaining two lots to sell would be an auction at this point and the expenses would be much lower. Mr. Montfort recommended proceeding with review by Cantrell Associates.

Mr. Eisses then described the process to set the Local Facility Charges (LFC) on the lots the District doesn't own in Double R Ranch. This process would include a public hearing which he recommended for 10/23/14. Mr. Eisses will send letters to the owners of the affected properties mentioning the public hearing. Mr. Montfort moved for the public hearing on 10/23/14 to set the LFC. Mr. Reichhardt seconded the motion. The motion passed unanimously.

BBWARM Water Line Conflicts: Mr. Eisses indicated staff worked alongside Honcoop Construction, replacing a District hydrant and replacing service lines while the road was torn up. Mr. Reichhardt mentioned the hydrant he saw being replaced looked very rusted and wondered if there was a better type of hydrant or some type of treatment to apply and extend their life. Staff will present more information on corrosion and corrosion protection at a later meeting.

Customer Accounts: Mrs. McMillan explained she restored service to account #20003850 after reviewing pending payment information from the escrow company. The Commissioners instructed Mrs. McMillan, on escrow company payments, to use her best judgment when interpreting when to restore service.

Mr. Eisses described account #10018300 as owing \$8,716.75 and a request to reduce the amount due in order to facilitate selling the property. Mr. Eisses listed a number of costs as incurred by the District which included staff time; lien and lien removal costs plus attorney costs. The Commissioners instructed staff to remove the late fee charges and to recalculate the late fees based on current policy. The Commissioners mentioned the amount will need to be paid without payment arrangements by 1/1/2015. The Commissioners also said if the owner is making progress on a sale at 1/1/2015 the account holders could reapproach the District for an extension of payment due date.

Developer extension: Mr. Eisses described the Calluna lots and information that the homes will be over 4,000 square feet and need sprinkler systems. Mr. Eisses spoke to the developer and he said a pressure tank for the sprinkler would be inside the homes with a backflow device on those tanks. Mr. Eisses recommended a 4" line would be able to handle that development. He then described historical events for the District regarding the fire department near this development. The Commissioners agreed he should discuss the project with the fire department.

Executive session: None

Mr. Carmichael left at 6:30pm. Mr. Alesse introduced a map of Birch Bay and business locations and asked that it be made available to the public. The Board was amenable to this suggestion.

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 **September 25, 2014.**

BOARD SECRETARY