

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT
HELD March 12, 2015

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

Public Input: None

Agenda additions/changes:

Consent agenda included:

- | | | |
|----|---|--------------|
| 2. | Minutes of February 26, 2015 Meeting | |
| 3. | February 2015 Payroll | \$148,099.26 |
| | Checks #3056300021-26, Direct Deposits #10120-10144 and Taxes | |
| 4. | February 2015 Utility Billing Adjustments | \$ 2,140.54 |

Mr. Montfort suggested the reference to PWTF funds on the second page be updated to SRF. Mrs. McMillan reprinted the February 26, 2015 minutes with that revision. Mr. Reichhardt moved to approve the consent agenda. The motion was seconded by Mr. Montfort. The motion was carried and passed unanimously.

Finance Report: Mrs. McMillan presented a schedule of policy and code updates that she will be discussing at each of the upcoming meetings and asking for a decision on the following meeting.

She then summarized financing needs for select CIP projects by first presenting a revised 10 year CIP. She reviewed the State Revolving Fund (SRF) refinance comparison by using Cashmere bank private placement loan and a bond. Creating a hybrid of both allows the District to postpone using the bond market until 2020 when we reach our new financial policy on reserves and could potentially allow us to achieve a higher rating than our current A3. The other District CIP project was the Pump Stations PS#3 to #4 financing and it made sense to use the Cashmere bank private placement loan and not the bond market unless rates really change on the bank type loan. She reviewed the revenue model which included the "as is" 2015 budget revenue results and the "could be" using the quasi plan to refinance SRF and the loan for the PS#3 to #4. She noted the revised revenue model included an updated beginning cash balance as it increased by approximately \$100k. She said the revenue model also included CIP that was updated to reflect project dates and eliminate \$175k in water infrastructure improvements. The Commissioners thanked District staff for doing the research and comparison on financing. Mr. Eisses stated that if the connection fee revenue continued to increase that it would also be a source of funding for CIPs.

Mr. Eisses updated the Commissioners on the CIP Budget item "Administration building insulation". He spoke about each of the three vendor quotes. He mentioned one vendor as the only one that mentioned a large section with rolled insulation that had never been laid. Mr. Eisses informed the Board that the District implemented a thermostat to report data before and after any proposed insulation changes.

City of Blaine (COB) Coordination: Mr. Eisses updated the Board on the recent meeting with the Department of Transportation regarding the Blaine Road fish culvert. Mr. Eisses said the monitoring well bid package will be going out next week to the well drillers. He also updated the Board on the recent kick off meeting for the Comprehensive Plan with the Department of Health (DOH).

Mr. Brown said the DOH money for the non-capital portion of the North County project is Federal funding. He noted that the well drilling portion of the project needs to be completed by the end of May so that the report from the hydro geologist can be completed in June. Mrs. McMillan will follow up with DOH on the

reimbursement mechanism. Mr. Brown reported that he has not heard back from the Department of Ecology on whether that funding is federal.

Coordinated Water System Plan (CWSP) Meeting: Mr. Eisses said this month's meeting was canceled.

WRIA 1 Watershed Planning: Mr. Brown spoke on the outline agenda for the Planning Unit 3/25/15 meeting. Mr. Brown mentioned Mr. Eisses is on the "Governance and Funding Committee" and the "Facilitator Selection Committee". Mr. Brown reported on the handout "Correspondence of County Council Resolution 2015-004 and Planning Unit Work Plan" and the need for the County to bring items to the Planning Unit for technical review and comments.

Mr. Brown said Representative Vincent Buys may propose a \$75k earmark in the State Budget to the County for the Planning Unit to coordinate water resource planning with land use planning and salmon recovery efforts.

Mr. Eisses spoke on his recent work on the "Facilitator Selection Committee" and the recent Planning Unit facilitator interviews. He also spoke on the "WRIA 1 Management Team Meeting" held this afternoon and the parallel processes that are occurring with work plans at both the Joint Board and the Planning Unit. He also showed the Commissioners an organization chart that the Management Team would be recommending to the Joint Administrative Board and Salmon Recovery Board. Mr. Eisses reported that he will meet on the "Governance and Funding Committee" tomorrow and hopes for further conversations on the new Management Team proposed structure.

Mr. Eisses spoke about the Dakota Creek basin area and the need for data related to fish. He offered partnering with the City of Blaine and Dakota Watershed Improvement District (WID) Board and will attend the Dakota WID Board meeting on the following day.

Accounts Payable: Mrs. McMillan presented the details for Accounts Payable as \$80,913.30. Checks numbered 44451-44486 and vouchers 1806-1864. Mr. Reichhardt moved that the Accounts Payable be approved as presented. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Kickerville Tank-Verizon Lease: Mr. Eisses handed out the Verizon lease document. Mr. Carmichael then explained the process of the lease agreement execution. Mr. Reichhardt asked if the escalators in the out years were sufficient. Mr. Alesse motioned to sign both of the cell phone tower leases with Verizon. Mr. Reichhardt seconded the motion. The motion was carried and passed unanimously.

Customer Accounts: Mr. Eisses reviewed the account #10018300. Mr. Reichhardt moved to deny the customer request. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Mrs. McMillan presented a customer request on account #120012100 and documents to support his request. Mr. Reichhardt moved to deny the customer request to remove \$288.54. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Bell Bay Jackson Water Association: Mr. Eisses presented the three parcels in the District to possibly deannex or complete as a Developer's waterline extension. At a recent meeting with BBJWA they agreed with the District to delay a decision on those connections until connections for service are requested.

Mr. Eisses then spoke on properties that the BP refinery will potentially be purchasing in the future. He discussed the in-district versus out-of-district rates and said that the properties will be addressed in the changes to the District service area.

Mr. Eisses mentioned that the MOU between the District and BBJWA expires 3/31/15 and he asked how it should be extended. Mr. Carmichael clarified that it can be a simple page that references the existing MOU terms don't change except the end date of the MOU is extended. The Commissioners were amenable to an extended MOU if progress was being made on the service area agreement.

Blaine Road Waterline Projects: Mr. Eisses referenced the cost savings if the District refinanced the Blaine Road project with non federal funding. Mr. Reichhardt motioned to notify the Dept of Commerce that we are giving back the SRF loan #DM13-952-122. Mr. Montfort seconded the motion. The motion was carried and passed unanimously.

DNR Aquatic Reserve Meeting: Mr. Eisses updated the Commissioners on a recent meeting on 3/3/15 and in part of the meeting heard information regarding the age structure of herring and the effect from wave actions that knocks the herring spawn off the seagrass. He said that Alcoa gave a presentation on being good environmental stewards.

Comprehensive Plans: Mr. Eisses introduced the Comprehensive Plan proposed budget and mentioned it is \$10,000 over the 2015 CIP budgeted level. He said he could proceed with a not-to-exceed contract for the originally budgeted amounts and notify CHS the consultant to contact the District if they get close to exceeding and need a budget amendment. Included in the Comprehensive plan is a Birch Point additional storage evaluation and an update to the Developer's Extension manual. Mr. Montfort asked if the hydraulic model really needed to be updated since it was done in 1999. Mr. Eisses clarified that it would give the District knowledge of where the growth occurred and how it impacts areas of our system. Mr. Eisses is hoping for quality GIS and I&I information. Mr. Montfort asked how much a Comprehensive Plan amendment would cost and Mr. Eisses replied that he will bring that information to the next meeting.

Mr. Carmichael mentioned the County issued a draft EIS and pointed out the Birch Bay is one of the only expanding urban growth areas in the county.

Developer Extensions: Mr. Eisses presented the revised Lincoln Road information from the last meeting as information.

Mr. Eisses presented the revised Calluna DE Agreement and Exhibits. The applicant has requested that the District include a copy of the approved plans with the agreement. There was discussion that the exhibit should not reference approved plans as either party might need to make changes which would cost more money if the exhibit were to include final plans. Mr. Reichhardt recommended completing the agreement the usual way with an exhibit not referencing final plans. Mr. Alesse moved to approve Calluna DE as presented. Mr. Reichhardt seconded the motion. The motion was moved and passed unanimously.

Whatcom Council of Governments (WCOG): Mr. Brown presented an interlocal agreement for participation in the Whatcom Council of Governments. Mr. Reichhardt offered more information that ours is only two of the counties in the State that reviews federal funding through the WCOG and mentioned the letters regarding those funding decisions are mailed to entities and can cause potential confusion. Mr. Reichhardt moved to have Mr. Brown sign the WCOG agreement. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Executive session: Mr. Brown announced an Executive session to discuss a personnel issue. He said the session is estimated to last 30 minutes until 7:30 pm. The Board reconvened at 7:25 pm and no actions were taken.

The Board meeting was adjourned at 3/12/15 at 7:26 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 **March 12, 2015**.

BOARD SECRETARY