

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT
HELD June 25, 2015

Board Acting President Carl Reichhardt called the meeting to order at 4:31 pm. Other persons present included Commissioner Pat Alesse, General Manager Dan Eisses, Attorney Bob Carmichael, and Finance Director Sandi McMillan.

Public Input:

Agenda additions/changes:

Consent agenda included:

2. Minutes May 14, 2015
3. Minutes June 11, 2015
4. Resolution #743 "Authorizing Investment of BBSD Monies in The Local Government Investment Pool"

Mr. Alesse moved to approve the consent agenda. The motion was seconded by Mr. Reichhardt. The motion was carried and passed unanimously.

Blaine Coordination: Mr. Eisses told the Board that the recent weather and the next week's weather trend is all for warm weather and no rain is predicted. He said water usage has continued to be high and around 1.3-1.5 million gallons per day. He mentioned the system has been handling the consistent high level of water usage just fine. He said that for the next few weekends Operations Manager Mike Sowers will be watching the usage closely as the July 4th holiday approaches. He showed the Board a Northern Light newspaper ad that the District is running which shows the weekly water usage trend and will bring the high usage to customer's attention.

Mr. Eisses said that the test well drilling is underway and the current depth is over 500 feet. He referred to a soil cross section picture from approximately that area and indicated a prediction that within a 100 feet or so feet they expect to reach the deep water aquifer. He reminded the Board that this is an exploration well but hopefully the depth will be similar for a future production well. He reviewed details included in the original well drilling bid and that the contractor has submitted a change order that would save production time and would not change the overall cost.

Blaine Road Waterline Project: Mr. Eisses reminded the Board that two sections of waterline along Blaine Road are proposed for construction. The first section is financed through PWTF loan monies and is the "Blaine Road section Loomis Trail". The second section is "Blaine Road from Double R Ranch to A" and had been financed previously through a federal loan. He described the continued analysis for a decision of what the "Blaine Road from Double R Ranch to A" construction will include as the project possibly changes from its original intent due to various recent events including the draft UGA report.

Mr. Eisses shared the recent draft UGA report which includes a 5.9% increase in population for the Birch Bay area. He continued conversation on the draft and referenced an area that will now be included in the UGA. He said this new UGA area is the "Blaine Road from Double R to A" so there would be increased potential that a developer would pay for the waterline instead of the District. Mr. Carmichael asked if the District would consider writing a letter of support for the draft UGA and cite our support for that section to be in the UGA. The Board encouraged District staff to write a letter of support for the draft UGA.

Mr. Eisses said he is prolonging the decision on the wetland delineation, which is the first step on the "Blaine Road from Double R to A" until the UGA and the water modeling from CHS is finished.

Bell Bay Jackson (BBJ): Mr. Eisses proposed a second amendment to the MOU between the District and BBJ Water Association to extend the deadline to 9/30/15. He explained the number of ELUs that would be charged to BBJ in order to transfer service to BBWSD. Conversation continued on service area and Mr. Eisses said the comp plan will address service area proposal changes. Mr. Alesse moved to approve Mr. Eisses to sign the second amendment to BBJ MOU. Mr. Reichhardt seconded the motion. The motion was carried and passed unanimously.

CWSP: Mr. Eisses updated the Board on comments he has submitted for the CWSP which included the map revisions.

Finance Report: Mrs. McMillan presented a revised “schedule for updating code and policies”. She cited the next policy update for discussion will be the District “Cell phone policy” and it is scheduled for 7/23/15.

She also discussed the 2016-17 budget preparations as including labor negotiations and continued cost containment. She presented a condensed revenue model that includes financial health indicators. She mentioned that during her attendance at a recent rate setting seminar presented by FCSG she heard them mention a debt load possibly averaging 30% and a declining cash position for numerous years during construction projects as reasonable for Districts. She said that she mentioned to the presenter that both are indicators of financial health in the State Auditor’s Office (SAO) “Financial Intelligence Tool” and as FCSG mentioned to be reasonable, these would fail the SAO test and be a discussion possibly during risk assessment with the SAO. Mrs. McMillan also shared that FCSG gave her feedback during the presentation that those FIT indicators could not be applied to Water and Sewer Districts. Mrs. McMillan shared feedback from the SAO that all of the FIT indicators will be applied to Water and Sewer Districts. Mr. Reichhardt suggested that District staff give that feedback to FCSG.

Mrs. McMillan said that without an approved State of Wa budget on 7/1/15 the State Department of Commerce would lack an appropriation for the PWTF loan “PC13-961-015 Blaine Road Waterline Loomis Trail” and the State Department of Health would lack an appropriation for grant “N21174 Water Feasibility and Test Well”. Both agencies she said have given the District a choice to terminate the contracts or suspend the State paid portions of the work. Mr. Alesse moved to suspend the State paid portion of the work on both projects. Mr. Reichhardt seconded the motion. The motion was carried and passed unanimously.

WRIA 1 Watershed Planning: Mr. Eisses highlighted pre-planning meetings and efforts and shared that the Planning Unit meeting accomplished the items that were requested by the water caucus. He said items had included details on the Flood Control Budget and getting topics into committees for further work on the 7/28/15 Surface Water presentation.

Mr. Eisses referred to the Ag Water Board agenda for 6/17/2015 and discussed general governance of the Ag Water Board. Mr. Eisses referred to the PUD draft strategic plan.

Accounts Payable: Mrs. McMillan presented the details for Accounts Payable as \$20,165.35. Checks numbered 44697-44724 and vouchers 2267-2328. Mr. Reichhardt moved that the Accounts Payable be approved as presented. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Customer Accounts: Mr. Eisses presented information on code 8.12.020 “Sewage service rates” and specifically discussed the credit that occurs on commercial accounts where the owner can demonstrate the water usage doesn’t enter the sewer system. He explained a situation where a commercial user had a private meter in addition to the District meter. He said the difference in the meters represented the customer’s documentation that minimal water from their account was entering the sewer system. He shared that the difference was too low to be logical for the customer’s commercial needs and said that either their meter is running fast or their plumbing may be a contributing factor. Mr. Eisses recommended that he will send a letter to the commercial account and decline any credits until the commercial account can document their system.

Mr. Eisses presented two inquiry emails from a person potentially representing a District customer regarding water availability on two lots. He said the District has a basis to support a previous cost of \$5,700 and the Commissioners gave a nod that would be the final cost to the customer.

Developer Extensions (DE): Mr. Eisses presented a request for the storage units needing a fire hydrant extension to meet their development needs. He presented a concept for an agreement to extend the fire hydrant and related waterline under a cost of work arrangement that would involve a deposit. The commissioners gave a nod to the agreement.

Executive session:

The meeting adjourned at 6:22 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 25, 2015.**

BOARD SECRETARY