

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT
HELD July 23, 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 Dan Eisses, Attorney Bob Carmichael, and Finance Director Sandi McMillan.

Agenda additions/changes: Mr. Eisses moved item #8 “WRIA 1 Watershed Planning” to first on the agenda

Consent agenda included:

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| 2. Minutes July 9, 2015 | |
| 3. January thru July, 2015 Assessment Billing | \$4,417.35 |
| 4. 2015 Budget Amendment (Loan Payoff) | \$0 |

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

WRIA 1 Watershed Planning: Mr. Eisses said much has been happening recently in watershed planning.

He indicated the upcoming PUD meeting agenda for 7/28/15 will have a Strategic Plan presentation. The draft Strategic Plan that he has seen, shows the PUD’s desire to lead the county’s water resources issues.

Mr. Eisses indicated the “Governance Structure for Implementing WRIA 1 Programs” (6/2009) document which shows a Watershed Panel but no Planning Unit. He said that back in 2009 there were problems with how the Planning Unit would exist within the governance structure and it was not indicated on the final document. We are still dealing with this issue in 2015. Mr. Eisses said that the Salmon Recovery Board seems to not be set up well similar to how the Planning Unit hasn’t been set up well.

Mr. Eisses said the recent Planning Unit 7/22/15 was frustrating. He spoke on each of the agenda items and indicated the 2001 Comprehensive Water Plan was agreed as a recommendation to the county that it should be updated. He spoke on the two draft reports to the Planning Unit from the Governance Funding Committee and the Instream Flow Committee. He summarized the issues in the Planning Unit report 12/2014 DOE presentation on the instream flow rule. He also highlighted the summary of the IFAP vs. LNS (7/16/2015). He said that a few planning unit members are opposed to discussing instream flow rules at all.

Mr. Eisses spoke on the “WRIA 1 Planning Unit ‘Path Forward’ Options” drafted by the consultant VEDA Environmental. He indicated there is interest in one possible transition plan which would combine the Joint Board into the Salmon Recovery Board.

Mr. Eisses introduced Mr. Carmichael to summarize the Lummi Conceptual Settlement meeting (7/17/15). Mr. Carmichael said that the Lummi Tribe representatives spoke for about three hours on their conceptual settlement. Mr. Carmichael summarized the concerns expressed by the Lummi Nation at the meeting including the large number of illegal water users in WRIA 1 which is a concern for their nation. Other topics included water quality, habitat restoration, instream flow rules and water supply.

Mr. Carmichael explained the Winters claim, the Bolt decision and the Culvert’s case. Mr. Carmichael said the 9th circuit is hearing the Culvert’s case on appeal.

Mr. Carmichael summarized the Lummi Nation’s timeline for the conceptual settlement process as having begun in 2014 when they met with DOE to identify their concerns and start the process. The Nation mentioned that by the end of 2016 they need to be resolved.

Mr. Eisses referred back to the handout from the County Executive summary of the presentation and highlighted a sentence where the county states their role as advocating on the behalf of land owners and preserving environmental stewardship. Conversation continued regarding the County as leadership in the WRIA 1 issues.

Mr. Eisses reviewed four goals he has for the District within the WRIA 1 watershed planning process. His first goal is protection of the City of Blaine and District water rights. His second goal is to protect future water rights for the District customers and said the North Whatcom Project was an example that would benefit the District's customers. The third goal was leadership for other county water districts since we are the largest water district in the county. Lastly, his goal was to protect public process. Mr. Montfort mentioned the District's interest in reclaimed water was also goal. Mr. Carmichael mentioned to the Board there are a lot of directions that the Commissioners could take on continued involvement of the District in WRIA 1 planning. Mr. Montfort called a special meeting for Monday 7/27/15 at 7 am at Denny's Restaurant in Ferndale to discuss District direction on WRIA 1 watershed planning strategy.

Blaine Coordination: Mr. Eisses said the well drilling is now at 960 feet deep. He mentioned that silt appeared at about 900 feet and then became difficult to drill. He said the gravel layer was found from 800 to 850 feet which should be good news. Mr. Eisses said change order #3 will be coming soon to make adjustments to the size of well casing.

CWSP: Mr. Eisses said the summer meetings were cancelled.

Finance Report: Mrs. McMillan discussed the draft Technology Use Policy. She mentioned a few goals in updating the policy from 1996. She said her first goal in the policy update was to show that designated staff carry a phone at all times for emergent type events. She said her next goal was to broaden the policy so as to include the Commissioners potential use of technology for board meetings and email communication. Her last goals were to incorporate security issues and address the Public Records Act within the technology use policy. Mrs. McMillan indicated she had used best practice policies on the MRSC website to model this draft including the stipend for personal use of phones for designated employees. She said that the policy will need to be approved after the labor negotiations as it does touch on the topic of working conditions. Mr. Reichhardt mentioned that he feels the District sponsored technology should be sufficient and that no stipend for personal technology use should occur. Mrs. McMillan will bring the draft Technology Use Policy back for discussion after labor negotiations are finalized.

Mrs. McMillan summarized a recent review and audit at the Community Assistance Program (CAP) of Blaine. The District has a MOU with the local CAP which allows the District to remit customer donations to the CAP which in turn disburses the funds for delinquent bill payments on eligible customers. She said that herself and Brenda Martin, Accounts Receivable Technician, both conducted the review and found that all of the CAP funds from the District were accounted correctly.

Mrs. McMillan introduced the 2016-17 Budget schedule as starting 9/28/15 and ending with a hopeful adoption of the two year budget on 12/10/15. As part of budget preparations, she spoke on an updated graph of the most recent customer payment volume and costs for customers paying the District using credit cards. She said the merchant service fees continue to be contained as much as possible on the contracts with Elavon and Sage Payment Processing and have increased only in proportion to the increased volume of customers paying with a credit card. She indicated cost containment on services in general are part of her budget preparation work.

Mrs. McMillan followed up on a prior conversation with the Commissioners concerning what appears to be a conflict between the State of Wa Auditors Office (SAO) new Financial Intelligence Tool (FIT) and how water and sewer District industry financial consultants indicate two of the types of FIT indicators. She said that she has

raised the concern and now the consulting group FCSG and the Washington Association of Water & Sewer Districts (WASWD) will advocate for more applicable guidelines for water and sewer districts on those two indicators.

Accounts Payable: Mrs. McMillan presented the details for Accounts Payable as \$43,000.57. Checks numbered 44756-44781 and vouchers numbered 2383-2444. 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: Mrs. McMillan explained the leak credit request on account #20000004. Mr. Alesse moved to approve. Mr. Reichhardt seconded the motion. The motion was carried and passed unanimously.

Developer Extensions (DE):

August Board Meeting Schedule: Mr. Eisses mentioned as part of the transition process he wanted the Commissioners input on keeping both meetings in August or eliminating one. Given the amount of activity on WRIA, he was recommending keeping both meetings. Mr. Montfort said he would like to keep the meetings on 8/13/15 and 8/27/15. All Commissioners agreed that no meetings would be omitted.

Executive session:

The meeting adjourned at 7:06 pm.

COMMISSIONER

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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 **July 23, 2015**.

BOARD SECRETARY