

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT
HELD November 13, 2014**

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

Public Input: None

Agenda additions/changes: The Board deleted items #8, 15, 16 and 17 as there was no information to discuss.

Consent agenda included:

Minutes of October 23, 2014 Regular Meeting

Manual Checks:

Manual Check Number	General Ledger Month	Vendor Name	Check Amount	Description
56	11/14	KEY BANK OF FERNDALE	\$171.71	August Bank Fees
57	11/14	KEY BANK OF FERNDALE	\$236.37	October Bank Fees
58	11/14	INVOICE CLOUD, INC	\$50.00	October Online Pymt Site Fee
59	11/14	ELAVON CORPORATE	\$719.77	October Merchant Service Fees
60	11/14	PAYCHEX OF NEW YORK LLC	\$86.31	October Payroll Fee
61	11/14	SAGE PAYMENT SOLUTIONS	\$365.60	October Merchant Service Fees
62	11/14	AMERICAN EXPRESS	\$26.20	October Merchant Service Fees
			\$1,655.96	

October 2014 Utility Billing Adjustments	\$ 1,111.18
October 2014 Payroll	\$148,131.36

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

Finance Report: Sandi McMillan reminded the Board this is the second of three scheduled budget presentations. She detailed the 2015 budget highlights. Mike Sowers described the 2015 budget details for water and wastewater operations. He highlighted the water department similarities to 2014. Mr. Reichhardt inquired about actual power costs being lower than 2015 budget. Mr. Sowers indicated the DOE permit fee increases for next year. Mr. Montfort inquired as to the fleet vehicle replacement schedule and wondered if the maintenance cost increases on the aging fleet were substantial should the vehicle be replaced quicker. Mr. Eisses commented the fleet vehicle replacement schedule is within the Capital Improvement Projects.

Mr. Sowers detailed the wastewater 2015 budget and passed out a handout titled "Biosolids hauled cost evaluation" which showed the concentration increases. He also handed out a graph that illustrated a downward trend on power use. He said this was accomplished by small tweaks for LED lighting and other conservation methods have decreased power expense. Mr. Montfort questioned the budget historically on I&I services was 30% more than what actually was spent and he inquired if needed maintenance on the system was not occurring. Mr. Eisses explained that they try to get I&I services during the rainy period only to give the District the best feedback on its system maintenance issues.

Mr. Sowers discussed the wastewater capital improvement projects. He explained the Lift Station safety grates and a need to accomplish installation in 2015. He also indicated various other projects including the UV

replacement. Mr. Sowers discussed the water CIP and clarified the fire hydrants are budgeted in CIP and the District staff will install. He mentioned an idea to improve emergency response resources within the District to purchase a portable generator for backup purposes. Mr. Eisses cited a recent power outage that occurred and the closest rental generator was located in Anacortes. The Commissioners appreciated the conversation and although they were hesitant to purchase a generator they referred the issue to staff for a decision.

Mr. Eisses detailed the vehicle replacement schedule in the CIP and mentioned that buying used was an option. Mr. Brown detailed the CIP items for supply and water rights and also the groundwater management program CIP. Mr. Eisses highlighted the building insulation proposal and that the existing R30 laid insulation would get another layer of R30 over it. Mr. Eisses indicated one CIP is for an improved security system as that and linking it to fire protection. Mr. Eisses described details on the Public Works Trust Fund projects for Blaine Road 16" and the Blaine Road to Bay Road and then also Pump Station #3 to Pump Station #4. Mr. Eisses also indicated the automated meter reading CIP and Mr. Reichhardt mentioned the AWA journal article for AMR and AMI projects. He said the article mentioned doing AMI/AMR immediately and then financing over time. Mr. Eisses highlighted the water and sewer comprehensive plan updates and Mr. Montfort asked if redoing both the plans in the same year was even possible for the engineering firm. Mr. Eisses clarified the County is doing their comprehensive plan in 2016 and is asking the districts to do theirs so they will be ready and be folded in. Mr. Eisses said the County has commented that the urban growth areas are stable in Birch Bay. He mentioned we would be better situated to provide more timely comment to the County if we got our plans done in late 2015 or early 2016.

Mr. Eisses indicated a letter from CHS on the new GFC fees. He had CHS go through the comp plan and identify which projects were allocable to growth. He had them add a column "Project share of GFC/ELU" for easy information. Mr. Eisses then highlighted the handwritten notes at the bottom of the page and how he calculated the more realistic projects and would propose GFC rate for water at \$2,869 and sewer at \$4,119. The Commissioners gave a nod to the GFC rates being justified and gave the go ahead to include in budget and revenue model and a first of the year rate change.

Mrs. McMillan described the three revenue increase scenarios. The Commissioners were interested in the 4% revenue increase as it covered the expenditures as presented in the 2015 budget and ten year plan. Mr. Brown mentioned that a fourth scenario should be presented at the next Board meeting where there is a 4% revenue increase in 2015 but then model how our current approved but unfunded PWTF project would affect revenue if the legislature didn't fund it. Mr. Eisses presented a rate increase table and discussed how rates would increase for each of the three revenue scenarios. The meter reading charge definition was discussed and the worksheet justifying the expense was examined. The current charges of \$4.25 for water and \$4.25 for sewer was discussed. Mr. Eisses explained the meter reading charge is done to mitigate accounts that have multiple meters. The Commissioners were amenable to looking at this analysis annually.

Mr. Montfort moved to cancel 11/27/14 and 12/25/14 meetings. Mr. Reichhardt seconded the motion. It was moved and passed unanimously.

Public Works Trust Fund: Mr. Eisses mentioned there will be a December meeting at Lake Whatcom Water and Sewer District to further discuss with legislators the effects of diminishing PWTF monies on infrasture.

Department of Natural Resources (DNR) – Habitat Conservation Plan (HCP) Proposal: Mr. Eisses said he has read much of the DNR Habitat Conservation Plan and noted the enforcement would only be in areas where specific land is not covered by another governmental area. He also noted the municipal outfalls are excluded from the HCP but DNR will still use their conservation program on those.

City of Blaine (COB) Coordination: Mr. Eisses met with City of Blaine staff regarding the Peace Portal Bridge waterline project and highlighted a page from the revised consultants report. Although it's the City's decision

Mr. Montfort noted that we will be paying a portion of the costs. Mr. Montfort mentioned he supports the directional drilling and making progress toward completion of this project.

Mr. Brown indicated the status of the Interbasin transfer project concept paper as he recently met with interested parties since the Whatcom irrigation district elections are complete. He discussed the concept with Mr. Wilbrecht and is scheduled to present to a City of Blaine Council meeting.

Coordinated Water System Plan (CWSP) Meeting: Mr. Eisses indicated an agenda from the Whatcom County Utility Coordinating Committee (WUCC) meeting on November 5, 2014. He also highlighted a memo from Mr. Aamot with Whatcom County on the Water Service Area growth projections. Mr. Eisses spoke on RCW70.116.050 and how Whatcom County has indicated the entire county as a critical water supply service and the RCW calls for a coordinated water system plan for the areas unserved by the existing purveyors.

WRIA 1 Watershed Planning: Mr. Brown spoke on recent conversations between attorneys Thomas Pors and Bill Clark. He said there was effort toward coordinating water districts and the agricultural caucus to have the new WID representation at the Planning Unit. Mr. Brown also mentioned the need to follow up on Mr. Gibson's comment that the Initiating Governments have authority to change membership of the Planning Unit.

Headworks: Mr. Eisses gave an update on an expected engineering firm (CHS) underspend on the project.

Accounts Payable: Mrs. McMillan presented the details for Accounts Payable as \$169,160.88 for check numbers 44129-44182 and vouchers numbered 1238-1346. Mr. Montfort moved that the Accounts Payable be approved as presented. Mr. Reichhardt seconded the motion. The motion was carried and passed unanimously.

Executive session: None

The Board meeting was adjourned at **8:35 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 **November 13, 2014.**

BOARD SECRETARY