

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD January 10, 2008

Commission President Don Montfort called the meeting to order at 4:30 PM. Other persons present included Commissioners Patrick Alesse and Carl Reichhardt, General Manager Roger Brown, Engineering Services Manager Dan Eisses, Attorney Robert Carmichael, Treasurer Glenn Golay, Engineer Rodney Langer, Conservation Specialist Emily Resch, Dustin Sellinger, Kathy Berg, Luke van't Hoog (BP), and Skip Jansen and his wife.

First order of business was to elect board officers for 2008. It was moved by Reichhardt and seconded by Montfort to elect Patrick Alesse as President, Don Montfort as Secretary and Carl Reichhardt as Vice President and Assistant Secretary. The motion passed unanimously.

Agenda additions/changes: none

Public Input: none

Consent Agenda included: Minutes for the Regular meeting of December 27, 2007; Accounts Payable Warrants #36879-36916 paying Claims #36879-36916 for \$149,776.31; December Payroll Warrants #5629-5653 for \$54,511.18, December adjusting entries to UBS for \$987.00 charges and \$10.22 credits; December EFTPS withholding deposit made on 12/31/07 for \$19,185.70; 2008 wage & salary schedules; and December Financial Reports for review. It was moved by Reichhardt and seconded by Montfort to approve the Consent Agenda. The motion passed unanimously.

Public Hearing: Water Use Efficiency Rule

President Alesse called the Hearing to order at 4:35 pm. Emily Resch, the district Water Conservation Specialist, reviewed the Water Use Efficiency Rule requirements and the District proposed conservation program plan. Kathy Berg commented that she appreciated the job the district is doing at managing the water supply in the difficult task of providing for peak use and seasonal population swings. Skip Jansen also commented that as the proponent of the Harbor Shores development, he supported the conservation program. He noted that with his development he is seeking to connect to the District wastewater system rather than installing septic tank systems that potentially could worsen water quality problems in Drayton Harbor. There being no further comment, the hearing was closed at 4:57 pm.

Developer Extensions: Dan noted that Skip Jansen is present to discuss the Harbor Shores DE. Dan gave a brief review of the wastewater service provision issues to the development and the relative costs of the service options. Mr. Jansen commented that the provision of sewer service in this area would benefit the community by eliminating the need to install septic tanks. He is asking the commissioners to consider options that would make the development financially feasible. Commissioner Reichhardt noted that the District does not subsidize development and should not commit connection fees collected district-wide to developer payback for facilities serving a comparatively small benefit area. Commissioner Montfort agreed and commented further that facilities have to be built to district standards. The commissioners asked staff to review the option of a pump station that would only serve the development for the next meeting.

BP Wastewater/Water service: Roger presented a draft potable water agreement for consideration and reviewed the important elements of the proposed agreement, which would

supersede the existing agreement for potable water. Attorney Carmichael is drafting the superseding agreement and Roger anticipates asking for a short extension to the existing contract's termination date to allow for development of final language on the superseding agreement. The superseding agreement will have to be approved by both the district and PUD. There were some questions from the commissioners that were addressed by staff, Luke and Rodney. The commissioners generally were positive about the proposed agreement and thanked staff and Luke for their work and cooperation on the issues.

Roger also briefed the board on recent PUD activity and noted that staff is meeting with Blaine city staff again tomorrow on water supply issues.

Water System Plan: Dan and Rodney talked about the proposal to do the Hall Rd. waterline project and defer the Dakota Creek waterline replacement and upgrade project. They discussed cost and benefits of the projected change. Dan noted that a resolution is prepared and ready for adoption of the Water System Plan. It was moved by Reichhardt and seconded Montfort to approve Resolution #665 adopting the Water System plan. The motion was passed unanimously.

Glenn and Roger presented the draft Revenue Model, which includes projects outlined in the comp plans. Glenn left for another meeting and Roger presented the updated model. The Revenue model was updated and adjusted to reflect future value dollars in the CIP to be more accurate to forecast costs. An alternate revenue model was discussed which reflects a scenario in which a housing slump takes place.

Water Use Efficiency Program: It was moved by Montfort and seconded by Reichhardt to approve the proposed Water Use Efficiency Goals and Program. The motion was passed unanimously.

2008 Conservation Budget: Roger introduced the Conservation Program Budget to the Board. Emily discussed the 2008 conservation activity plan and budget to the Board. It was moved by Reichhardt and seconded by Montfort to approve the budget. The motion passed unanimously.

Inter-local Agreement (draft): Roger presented to the Board a working draft of an interlocal agreement with Blaine on water related business. The agreement would supersede the existing hydro-geologic and water conservation agreements. The Board was satisfied with the draft agreement.

Development Extension: Dan reviewed developer extensions with the Board. Commissioner Montfort moved to approve the Gold Star Timeshare Condos engineer recommendations. Commissioner Reichhardt seconded the motion, and it passed unanimously.

Customer Request – The District received a customer request for leak adjustment credit. The request did not fall under Commission Policy timeframe and needed Board approval. After review, it was moved by Montfort and seconded by Reichhardt to approve the leak credit. The motion passed unanimously.

The commissioners went into Executive Session at 7:58 pm to discuss possible litigation, to be in session for 15 minutes with no action expected.

Coming out of Executive Session at 8:17 pm, Dan discussed the storm water flow situation with Birch Bay Resort Park and Mariners Cove. Dan distributed results of the most recent smoke

test. The test found 70 faults and each were photographically documented. Dan was asked by Mariners Cove to attend a condo association meeting to discuss District actions regarding the situation. The next proposed action is to send another letter to Birch Bay Resort Park. It was recommended that an emergency be declared and repair of all 70 faults be required within two weeks with a follow up smoke test. Staff will schedule a meeting with the Whatcom County Health Department. It was also recommend that the system needs to be fully upgraded and not temporarily fixed. Carl suggested adopting a standard for mobile home parks. It was moved by Montfort to declare an emergency and send a letter to Resort Park requiring these fixes within two weeks. Motion seconded by Reichhardt. The motion was passed unanimously.

The commissioners went into Executive Session at 8:45 pm to discuss a personnel issue. They plan to be in session for 15 minutes with possible action planned afterwards.

Coming out of Executive Session at 9:00 pm, it was moved Reichhardt and seconded Montfort to authorize increases to the General Manager's salary for 2008-2010. An amendment to the General Manager's contract will be included on the Consent Agenda at the next meeting. The motion passed unanimously.

There being no further business, the meeting was adjourned at 9:05 pm

COMMISSIONER

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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 **January 10, 2008.**

BOARD SECRETARY

(minutes taken by Glenn Golay and Emily Resch)