

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
OF BIRCH BAY WATER AND SEWER DISTRICT,  
HELD July 14, 2011

Commission President Don Montfort called the meeting to order at **4:31 pm**. Other persons present included Commissioners Carl Reichhardt and Patrick Alesse, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael, Interim Finance Director Meredith Riley, Scott McKinnie of WAWSD, and Jeremy Schwarz.

**Agenda additions/changes:** Item 11, copier lease, is moved up; PWTF Loan Application is added, and an additional Accounts Payable batch is added.

**Public Input:** Scott McKinnie, of WAWSD, is celebrating his first anniversary with the Association. He talked about what changes he has brought to the Association this year; and reaching out to the membership.

**Consent Agenda included:** Minutes for the Regular meeting of June 23, 2011; Accounts Payable Warrants #40749-40772 paying Claims #40749-40772 for \$75,450.14; June Payroll Warrants #7249-7272 for \$92,254.28; Federal Withholding EFT \$22,805.37, Utility Tax EFT Debit for \$5,377.35 paid in July, June UB adjusting entries, and April/May bank reconciliations. It was moved by Reichhardt and seconded by Alesse to approve the Consent Agenda. The motion passed unanimously.

**Developer Extensions:** None.

**Copier Lease:** Dan spoke on this. The District has two copiers on 5 year leases; the leases are up in August. Dustin has looked at a number of copiers and produced some cost graphs. Operations would stay with the same machine functions; the Admin office would stay with much of the same machine functions. Much discussion followed regarding lease vs purchase vs. renting. The recommendation to the Board is to lease. The Board approved leasing the copiers. If staff would like to purchase the machines, they would approve that also, although a budget amendment would need to come back to them.

**Board Policy-Delegation of Expenditure Authority:** Roger has been working on clarifying expenditure authority. Roger discussed the nature of the Board's approval, the Board must approve warrants and payroll, Bond and tax payments. Warrants are approved before the spending takes place. The Board's approval constitutes an audit function which supplements audits done by the Treasurer and General Manager as well as other supervisory staff. The Board approves vouchers per statutory requirements. The Treasurer's function at the District level; the District Treasurer performs both the treasurer and auditor function which are separated at the County level.. The General Manager is proposed to be responsible for an audit function that duplicates the Treasurer's audit function for internal control purposes. The proposed Resolution spells out the segregation of these functions. There should be reports to the Board on spending. Roger gave the Board a red-lined copy of the Resolution and the policy to the Board. Roger is required to inform the Board of any Budget changes. Roger will investigate putting interfund transfers back into the policy. Roger will bring the resolution and the policy back for review. Don asked who could sign warrants if the Treasurer was absent; the answer was the General Manager. Carl had a question on who is authorized to declare emergencies, which Roger addressed.

**Procedures for Utility Shut-off Policy:** Dan spoke to this issue again. Dan mapped out the timeframe of the present procedure; this can take almost 6 months before lockoff of the water. Dan discussed the lien and foreclosure process presently used. The District liens properties once a year for those properties not paid for a year; added cost is about \$140. There are a number of properties that water meters shut off the fire hydrants. The foreclosure process does not look attractive because of the added cost. Dan's recommendation is to add language so that staff can use their own judgment on whether to lockoff or not until the next Board meeting. Don thought the language on foreclosure should stay in the policy. Much discussion followed. Don would like liens and penalties to be used as incentives to pay. Dan will bring the policy back to the Board.

**BBWARM:** Roger and Don met with two commissioners from Lake Whatcom W&S District on storm water management on July 6. At Lake Whatcom's next board meeting they will be discussing the storm water management. Don told the Lake Whatcom District they should talk to Liberty Lake about their experience. Don told the commissioners that the County advisory management of storm water seems to be having some difficulties because the County is not organized to run a utility. Carl questioned whether the District wanted to get into the storm water business.

Roger, Dan, and Emily met with BBWARM on July 7. The County staff briefed the District staff on a county-wide aerial mapping service that the District could purchase. The County and District also talked about their ongoing coordinated public education programs. Roger brought up the credit for in-kind services with BBWARM again, which the County could implement by interlocal agreement with the District. Roger was told the District would need to go to the Board of Supervisors to request this credit. Roger thinks we should ask for an exemption from the Board of Supervisors. Don requested more research from staff and then to bring it back to the Board.

**WRIA 1 Watershed Planning:** Roger went to the PUD No, 1 last Board meeting. Pete Kremen spoke on water availability and planning. Roger says the County spent \$10 Million on a county-wide watershed plan. The County is calling for development of a new coordinated water system plan, which Roger stated was not designed for non-potable water. He also noted that agriculture is not well represented in this process. He further stated that there are negotiations being held behind closed doors, which creates problems in a public planning process. Roger will continue to investigate and report back to the Board. The District has been concerned with a legislative bill regarding formation of a water management board. This bill was called the Walla Walla bill. The District and others in Whatcom County have expressed concerns about this bill, which was passed and codified as RCW 90.92. Don would like to follow up with WAWSD on this issue.

**Public Works Trust Fund Loan Application:** Dan has a half completed application for the July 21 application. Dan brought the Board's attention to the Blaine Rd Water Transmission Line for a total project cost of \$1,400,000, District match of \$210,000. Dan went over some of the details of this project application with the Board. Dan asked for direction from the Board. It was moved by Alesse and seconded by Reichhardt to approve submitting the PWTFL application. The motion passed unanimously.

**Warrants No. 40773-40791 for \$31,726.42:** Meredith explained that Mike Sowers, Operations Manager, was on vacation for a week, so the payables that go through his office were not ready for the consent agenda. It was moved by Alesse and seconded by Reichhardt to approve these warrants. Motion carried.

#### **Developer Extensions:**

Bay Rd 3 Lots - the developer extension was accepted several meetings ago. Their Developer Extension Reimbursement agreement costs were presented. Because of the high costs, Dan has asked them for receipts for their costs. There was another development in 2007 with similar costs, so they are probably not out of line.

Single Family Residence - Dan received a phone call regarding an application for a single family residence that was made in May 2009. This developer does not want to go forward with building a house in Birch Bay Village, and wants to get the connection fees refunded. Dan could not find a board policy on this issue. Dan thought it would not be a good idea to get into the business of refunding. Board went with Dan's recommendation.

Horizons – the district has received paperwork from attorneys to creditors and interested parties. There's a receivership set up. This appears to include both Phase 1 and Phase 2. The sewer line was inspected and is fine. There was a reimbursement agreement that was started but not completed with the District. The District needs a bill of sale on the developer extension.

Birch Bay RV Park - There are 18 camping pads turning into 9 mobile home pads. It appears the RV park installed side sewers already, without side sewer permits, or inspections. Dan and Larry will go out and inspect and require videoing the side sewers as soon as Larry is back from vacation. Dan hopes they used the right materials. Board is in agreement with Dan's plan of review and inspections.

The Board meeting went into executive session at **7:05 pm** to discuss potential litigation. The time in executive session is estimated to be 15 minutes; potential action is possible. The Board President added 10 minutes to the executive session at **7:24 pm**. The meeting came out of executive session at **7:34 pm**. No action was taken.

The Board meeting adjourned at **7:39 pm**

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COMMISSIONER

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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 14, 2011**.

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BOARD SECRETARY