

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT
HELD October 9, 2014

Board President Pat Alesse called the meeting to order at 4:38 pm. Other persons present included Commissioner Carl Reichhardt, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael and Finance Director Sandi McMillan. Absent was Commissioner Don Montfort.

Public Input: None

Agenda additions/changes: Deleted item #16 "Customer accounts" as there were no items to discuss. Roger Brown stated that Carl Reichhardt needed to leave at 5:40 pm.

2. The tour of the new waste water treatment project headworks was rescheduled to the next meeting on 10/23/14.

Consent agenda included:

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| 3. Minutes of September 25, 2014 Regular Meeting | |
| 4. Payroll (September 2014) | \$142,494.89 |
| 5. Utility billing adjustments (September 2014) | \$ 2,474.34 |

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

Developer Extensions: None

Public Works Trust Fund (PWTF) Loans: Sandi McMillan reminded the Board that the Department of Commerce has issued contract amendments to change the loan payment due date to June 1st. She referenced an email from Mr. Carmichael that said there were no contractual terms from the Department of Commerce that would be harmful if the District decided not to sign the amendments. The Commissioners instructed District staff to follow their current contracts and not to sign the amendments.

Mrs. McMillan explained the Public Works Trust Fund incentives on the Headworks project. She said two incentives were achieved because the District had excess local match on the project and completed the project within 36 months. Both of these result in lower interest and an option to extend the loan term of 20 years out to 25 years. She referred to an analysis that showed extending the loan term to 25 years was a good option. Mr. Reichhardt moved that the District negotiate the incentive option on the PWTF loan repayment term to 25 years and 0.5% interest. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Finance Report: Mrs. McMillan said she had reviewed the District's Financial Management Policy (FMP) in light of her concern that the year end projected cash balance was going to be smaller than forecast. She described the purpose of the reserve funds and how the District used the 2012 FCSG report to further improve financial health. She indicated that capital improvement projects spent at a slower rate and the cash on hand at year end will be much higher than earlier anticipated. She requested the Commissioners approve the edited version of the FMP. Mr. Reichhardt moved to approve the proposed FMP revisions. Mr. Alesse seconded the motion. The motion was carried and passed unanimously.

Mrs. McMillan informed the Board that the State Auditor's Office (SAO) exit meeting will be 10/13/2014 at 2pm. The Board binder included the four verbal exit topics from the SAO; third party cash receipting, open

period, billing, and small and attractive items. This will be an exit meeting on the telephone because the reporting levels are verbal exit items and a telephone call will save expenses to the District.

Double R Ranch: Mr. Eisses indicated the Board binders included copies of the two letters that will announce the public hearing for the next meeting to reset the connection charges on the affected lots. The LFC versus LID assessment comparison table was discussed as these are the choices for the Board and will be presented during the public hearing.

Mr. Eisses also explained the status of utility billings for those lots which is part of the comparison table in the Board binders. He proposed deleting the delinquent charges and recording those as part of the connection fees into the connection book. This will be discussed further at the next meeting.

Mr. Eisses spoke on the two lots the District owns. He showed the Board numerous pictures that illustrated how wet the lots were. He cited the emails from Cantrell & Associates that explained lot 80 is entirely in a wetland. He said the costs of building on that lot would exceed the value of the lot. He then described lot 84 and 84a results from Cantrell & Associates. This combined lot has a small upland piece which is within the county wetland buffer so it may be buildable but buffer mitigation would be required.

Mr. Eisses explained the RCW for selling the properties. He also explained that he went back to talk to the original appraiser used on these lots for the sealed bid sale. That person felt he had underappreciated the wetland issues.

Mr. Carmichael asked if the Cantrell & Associates wetland mitigation plan would suffice for the county building permit and Mr. Eisses said that Cantrell felt it would be sufficient. Mr. Reichhardt asked if the District could donate the property. Mr. Eisses also explained the District has a pipe project in 2016 near one of the lots.

Mr. Eisses recommended not proceeding with Cantrell & Associates proposed scope of work for delineation and wetland mitigation plan. He will continue to work on it and bring a recommendation back to the Board. The Commissioners were amenable to that recommendation.

City of Blaine (COB) Coordination: Mr. Eisses explained the coordination meeting this month involved the Portal Way Bridge project. He explained different aspects of that bridge project including the 800-900 feet of bore work to be done. He said the City of Blaine is leaning toward ensuring redundancy in water delivery during the project. Mr. Eisses is continuing to review and provide comments to the city on the project especially around the project costs.

Mr. Brown updated the Board on the Concept Paper and a recent meeting with Mr. Seth Fleetwood.

Coordinated Water System Plan (CWSP) Meeting: Mr. Eisses indicated the Board binder included both the original County resolution for the CWSP and the resolution as finally approved by the County. He mentioned the date for the first meeting as November 5th.

WRIA 1 Watershed Planning: Mr. Brown updated the Board on the recent events related to the Planning Unit. He spoke about the process and procedural agreements. He also indicated further discussions on the planning unit and instream flow rules with Mr. Pors.

Headworks update: Mr. Eisses said there was nothing new other than what had been discussed under the Public Works Trust Fund agenda item.

Accounts Payable & Payroll: Two accounts payable batches were presented. Mr. Reichhardt noted vendor payments to Vac-Tank and Tjoeker should have the same volume amounts in gallons but they didn't match. Mr. Eisses will follow up with Mike Sowers, the Operations Manager, and resolve. Accounts payable of

\$66,807.13, checks 44053-44087 and vouchers 1095-1145. Mr. Reichhardt moved to approve the accounts payable. Mr. Alsee seconded the motion. The motion was carried and passed unanimously.

BBWARM Water Line Conflicts: Mr. Eisses indicated the project was completed and all of the District water line moves are finished. He will report on the costs at the next meeting.

Developer extension: Mr. Eisses described a Developer Extension project from 2005 that is just south of Lincoln Rd. The project requires extending sewer north of Lincoln Rd thru an area of land that was taken out of the Urban Growth Area. The county is supporting the extension of sewer in the rural area based on the vesting of the project.

Executive session: None

The Board meeting was adjourned at **5:40**

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 **October 9, 2014**.

BOARD SECRETARY