

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF BIRCH BAY WATER AND SEWER DISTRICT,
HELD **November 01, 2012**

President Pat Alesse called the meeting to order at **12:10 pm** at Dutch Mothers Restaurant in Lynden. Other persons present included Commissioner Don Montfort, Commissioner Carl Reichhardt, General Manager Roger Brown, Assistant General Manager Dan Eisses, Attorney Bob Carmichael, and Interim Finance Director Meredith Riley.

Agenda additions/changes: Budget discussion.

Public Input: None.

Budget Discussion: the Budget schedules for November and December were passed out.

Don would like a different approach to the Budget. He would like the Commissioners' input before the Budget is prepared. Included would be any fat trimmed from the department budgets, and the long-term position of the District. Then review the Budget, the rate model, and rate increase.

Carl stated that water revenue is down but expenses are up. Some items he mentioned were the labor contracts went up, the District is spending a lot of time on WRIA 1. He suggested capturing WRIA 1 costs in a Budget program. He would also like to see a review of reclaimed water.

Roger expressed hopes that the State W&S Association would take a large role in the WRIA 1 issue. Don thought that WWUC might be more interested in this issue than the State Association. Don thought we should call a Budget program "Water Rights" and include costs such as attorney, the Water District Caucus, and staff time. Don stated that defining our interest in WRIA 1 is critical. Bob stated that the District's objective is to protect our ground water rights, and potential damage to the District if we're not involved.

Don questioned sludge costs. He also asked about WW membrane treatment. Dan said that the Wastewater Headworks improvements may help with sludge costs. Dan said he thought the membrane treatment was an either/or not an add-on option.

Treasurer Function (County or District): there was discussion on whether it would be wise to turn the District's treasurer function over to the County. Meredith has drafted a memo on this issue.

Changes to Accounting Procedures – Work Remaining: Meredith passed out a list of issues that have been addressed in 2011 and 2012, and items to be addressed in 2013.

Replacement of Accounting and Billing Software: this will be budgeted for in 2013, although it may not be accomplished next year.

Recruitment and Hiring of Finance Director: there were questions on the level of skill set needed for this position. This will be budgeted for in 2013.

Executive Session: the meeting went into executive session at **12:40 pm** to discuss potential litigation. The time in executive session is estimated to be 10 minutes; no action is expected.

The meeting came out of executive session at **12:47 pm**. No action was taken.

PWTF Loans and CIP: Dan presented the 2013 CIP for Water & Wastewater, along with the PW Trust Fund Loans.

City Wholesale Water Supply Contract: Roger stated that the District had received the City's rates for purchased water for 2013 and the true-up for 2011. The City owes the District a reimbursement for 2011 as a result of apparent over-budgeting. Water rates have gone up again for 2013.

The Board meeting was adjourned at **2:00 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 **November 01, 2012**.

BOARD SECRETARY