

Beacon Hill Water and Sewer District
Commissioners Meeting Minutes

Wednesday August 10, 2011

President Roden called the regular meeting to order at 5:04 pm on Wednesday, August 10, 2011 at the District Office, 1121 Westside Highway, in Kelso, Washington. Those in attendance were:

Commissioners Monte Roden, Ted Branch and Dean Takko
Alan Engstrom, Legal Counsel
Kim Adamson, General Manager
Jan Zintz, Office Staff
Brian Wilson, Field Lead

It was moved by Dean Takko, seconded by Ted Branch to approve the minutes from the July 13, 2011 regular meeting as drafted. Motion carried.

There being no audience in attendance of the meeting, attention turned to the Manager Report which had been emailed to the commission prior to the meeting. A copy of said report is attached as a part of this permanent record.

Item 1 - Accept Capital Project Completion. Kim reported that the District's three capital projects are finished and punch list items have been completed; with the exception of the release from L&I for the Williams Finney project has not been received yet. These projects have a 2 year warranty which begins at the time of acceptance. Kim requested that the Board approve retainage on the following projects:

Lexington/Nevada General Replacement
Five Rivers Construction
Retainage: \$10,111.79

Eastside/Louise Upgrades
Triad Construction
Retainage: \$13,961.43

Williams Finney Pump Station
Davinci
Retainage: \$16,322.53

It was moved by Dean Takko, seconded by Ted Branch, to accept the above projects and release retainage for the Lexington/Nevada Generator Replacement, Eastside/Louise Upgrades and Williams Finney pending receipt of the L&I release for Williams Finney. Motion carried.

Item 2 - Small Works Roster. Kim provided an overview of last year's switch to the MRSC Small Works Roster in hopes that it would save time and money to administer a roster in house. It originally sounded as if project categories could be narrowed down to the type of contractor being searched. As it turns out, the MRSC website has poor category searches, making it cumbersome to find a contractor for a specific project. A recent search for divers to clean reservoirs resulted in 60 contractors, five of which were related to diving. No response was received on the few times staff sent a blanket email for bids. Kim recommended the District move back to establishing a SWR in house. We will resume advertising a declaration of a small works roster.

Tab 1-A is the existing purchasing policy with necessary changes. Following brief discussion, it was moved by Dean Takko, seconded by Ted Branch, to adopt Resolution No. 438 which establishes the Purchase Policy for the District. Motion carried.

It was moved by Dean Takko, seconded by Ted Branch, to adopt Resolution No. 439 allowing for the creation of the Small Works Roster for purposes of awarding projects or purchasing materials, supplies, equipment or services. Motion carried.

Item 3 - Document Archives. Kim researched for a document archive facility to store some of the District's permanent files that are causing storage shortages. She found that the company that did our last document destruction, located on Industrial Way, is also archive storage. They charge \$.50 per box with a minimum of \$35.00 per month and will notify us when files reach their retention dates and will destroy them for an additional charge. We have approximately 100 boxes that could be stored at this facility. The only files that will be stored at the District would be current files waiting for audit.

The Board concurred with authorizing the manager to enter into an agreement for the document archive storage.

Item 4 - Columbia Crest Resolution. Cowlitz County recently adopted the Interlocal Agreement for the District to operate Columbia Crest Estates water system during receivership and requested that the District ratify the agreement by resolution. Adoption of Resolution No. 440 will meet this requirement.

It was moved by Dean Takko, seconded by Ted Branch, to adopt the Interlocal Agreement between Beacon Hill Water and Sewer District and Cowlitz County for Operation and Maintenance of Columbia Crest Estates; and to adopt resolution 440. Motion carried.

Item 5 - Investments. Kim apprised the Board of recent bond purchases with Fannie Mae for \$2.5 million from Capital Reserve Funds to maximize interest earnings. There are three bonds with staggered maturity dates so that additional funds could be rolled in at maturity and to have funds become available on a regular basis. Two are fixed maturity bonds, which are non-

callable, will mature in 2.5 and 3 years. The third is also a 3 year bond but is callable in March 2012. Interest rates are .76, .54 and 1.8 percent respectively.

Item 6 - Foreclosure Policy. Two property liens are in foreclosure with Cowlitz County for delinquent taxes. Due to the value of the properties and the size of the tax liens the District may not be able to collect on what is owed for water and sewer services. Kim noted some of the issues that the District is facing regarding the number of liens being filed for mortgage foreclosures. The mortgage institutions are deferring payment to clear the liens until a new owner purchases the property. The District's current foreclosure threshold to start foreclosure is \$4,000.00. The Board considered lowering the current foreclosure threshold from \$4,000.00 to an amount that would be easier to collect. They requested that staff inquire what the foreclosure policy is for other districts and agreed to handle bank foreclosures on a case by case basis.

Item 7 - Budget. As an informational item, Kim noted that she is beginning to work on the 2012 Budget. She asked for ideas, input or direction on what the Board may have regarding the format or other information they would like to see included in the report.

Other Manager Items. Kim apprised the Board of two customers that have hedges encroaching on our access easement to the Beacon Hill Reservoir. Staff sent letters requesting that they trim their hedges to their property line in order for us to have better access to the reservoir. One customer complied with our request; the other has resisted responsibility for trimming theirs. This customer contacted property attorney Vince Penta to gather information on easement laws. Attorney Penta then contacted Kim to discuss the extent of the situation. Kim explained to Attorney Penta that the District contacted the customer to trim the portion of her hedge that is encroaching on our easement. We would prefer that she trim the hedge but if she doesn't the District will likely hire someone to trim it in order to have access the water reservoir without driving on property that does not belong to the District. The cost to trim the hedge will likely be passed on to the property owner. Kim noted that, based on the initial contact from Vince Penta, she does not foresee that the issue will be resolved to everyone's satisfaction. Her concern is, in part, that one customer complied with the District's request. Secondly if the District decides to absorb the cost to trim the hedge, estimated at \$600.00, it would be using money that belongs to all customers and it would likely set a precedent for future hedge trimming. After brief discussion, the Board agreed to allow the customer more time to either trim the hedge herself or pay to have a landscaper trim it.

Expenditures. Vouchers audited and ratified by the auditing officers as required by RCW 42.24.080, and those reimbursement claims ratified by auditing officers as required by RCW 42.24.090, have been made available to the Board.

As of this date, August 10, 2011, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: shaded July invoices in the amount of \$124,522.68; and August invoices in the amount of \$108,650.88, August payroll as well as the VISA statements as mailed electronically.

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Lien Information. The Board reviewed the monthly lien synopsis. It was moved by Dean Takko, seconded by Ted Branch, to confirm the filing of Lien Nos. 1420-1425 with the Cowlitz County Auditor. Motion carried.

The September regular meeting was rescheduled for Tuesday, September 20, 2011 at 5:00 p.m. at the District Office. There being no further business, the meeting adjourned at 6:15 p.m.

Monte Roden, President

Ted Branch, Secretary

Dean Takko, Commissioner