

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, November 18, 2011**

President Roden called the meeting to order at 5:00 pm on Friday, November 18, 2011 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Monte Roden, Ted Branch, Dean Takko
Alan Engstrom, Legal Counsel
Kim Adamson, General Manager
Vicki Kruse, Office Staff

Also in attendance:
Mr. Howard Lilienthal
Mr. Jim Zintz
Mr. Michael Gray

It was moved by Dean Takko, seconded by Ted Branch, to approve the minutes of the October 12, 2011 meeting as drafted. Motion carried.

The Board welcomed Mr. Lilienthal, Mr. Zintz and Mr. Gray to the meeting. Mr. Lilienthal inquired if the topic of a senior discount for water has been addressed, as well as a consumption based sewer. Monte stated that review of a senior discount for water and the topic of consumption based sewer will be considered at a future date. Mr. Lilienthal expressed dissatisfaction for being charged water consumption of \$3.40 for going over the base rate one month and consumption is less than 500 cubic feet for the second month of the billing cycle. Ted inquired as to what the steps are for consideration of sewer based consumption. Kim explained consideration of a consumption based sewer rate would be a lengthy undertaking. A consultant would need to be hired to do a complete rate study with rate structure. Mr. Zintz asked if the PUD had done a study when they managed the water system to which Kim replied that they had not done a study.

Monte asked Mr. Zintz if he had anything he wanted to address with the Board and he replied that he would discuss in Other Business.

Mr. Gray explained that he has a property in the District that has a lien for non-payment. He would like to establish some payment arrangements and get the water turned on. He has renters that would like to move in. After Board discussion, Mr. Gray will contact Kim on Monday, November 21, 2011 to discuss payment arrangements. Ted suggested the Board look at an adjustment where Mr. Gray would be responsible to pay all lien interest, the bill to the date of disconnect and the vacancy rate from the time of disconnect to the date of reconnection. It was decided that Mr. Gray would establish payment arrangements to get the water turned on in the short term and the Board will review an adjustment to the outstanding balance on the account.

Mr Lilienthal and Mr. Gray thanked the Board for their consideration.

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, November 18, 2011**

The Manager Report, which was delivered to the Board prior to the meeting, was the first item of discussion. A copy of said report is attached as a part of this permanent record.

Item 1 – Finance Update. Kim informed the Board that Jan Zintz signed the separation agreement on October 17, 2011 and Pat Lloyd has been brought in as the Interim Finance Administrator until a permanent replacement has been found. Kim stated that she and Pat have been working to get the reconciliation up to date noting that the reconciliation was the same as it was when Pat left earlier this year after balancing through 2010. Kim presented a job description for review. Dean inquired if a BA is necessary. Kim explained that she received job descriptions from various Water and Sewer Districts in Washington and most, if not all, required a four-year degree. Kim noted the position will be a supervisory position. Monte asked for a time frame to hire a permanent Finance Administrator. Kim stated that she would post the position Monday with hopes of having the position filled by year end unless the Board thought otherwise. With no objection, the position will be advertised on Monday, November 21, 2011. Mr. Zintz asked who it was that submitted a resume. Monte reminded Mr. Zintz that the Board was on agenda items, not Other Business. Kim explained that the resume was forwarded to her by Ted Sprague of the Cowlitz Economic Development Council.

Kim explained that the Board needs to review authorization for signing checks. It was moved by Dean Takko, seconded by Ted Branch, to authorize Kim Adamson, Monte Roden and Pat Lloyd to sign checks on behalf of the District. Motion Carried.

Item 2 – Wage Grid Adoption. Kim stated that the 2012 budget has been delayed until such time that the District knows the outcome of where it is financially, the wage grid needs to be approved. The wage grid reflects step increases for 3 employees and 1 eligible employee is not receiving a step increase due to probationary issues. Kim explained that Troy would be moving up to a Field II at 95% of midpoint. Once he receives his certification, he would be moved for 90% of midpoint for Field I on January 1, 2012.

It was moved by Ted Branch, seconded by Dean Takko, to approve Resolution 441 which adopts 2012 wages for the District. Motion carried.

Item 3 – Kelsey Court Safe Hatch. Kim informed the Board that design for the Kelsey Court pump station is about 90% complete and homeowners on both sides of the easement are pleased. A safety hatch, which is safer and allows for easier access, has been installed at the District's other pump stations. Kim expressed concern that the safety hatch, which is located between two homes in a residential area, may be perceived as an eyesore. To alleviate any ill will between neighbors and the District, Kim suggested the safety hatch concrete casing be colored so as to not be so noticeable. Specially colored concrete would add approximately \$2,500.00 - \$3,000.00 to the project. After discussion, the Board tabled the matter until the next meeting and requested photos of the area in question.

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, November 18, 2011**

Item 4 – Kennedy Jenks. Kennedy Jenks has been working on design for the Beacon Hill (Alderwood) pump station design. Kim stated that a change of scope was done to allow for new controls, pumps and piping, which the original bid did not include. A proposal dated October 31, 2011 notes that the project is currently over budget by approximately \$25,000.00. Kennedy Jenks has acknowledged a portion of the responsibility for going over budget and requests an additional \$18,000.00 for work on this project. After discussion, the Board agreed to pay half of the \$18,000.00 for work done on this project.

Item 5 – Rate Hearing. Kim reminded the Board that a rate hearing has been scheduled for December 14, 2011 at 5:30 p.m.

Other Business. Monte asked Mr. Zintz if he wanted to address the Board. Mr. Zintz stated that he had a few questions for the Board and Kim. Mr. Zintz addressed Kim asking the difference between a Field I and a Field III. Kim explained that a Field III requires no certifications, a Field II is the schedule if you have one certification and Field I has two certifications. Mr. Zintz stated that in review of last month's minutes, he noticed where Kim had requested Board approval to be in Washington DC for 2 weeks with pay. Mr. Zintz asked how it would be of benefit to the District to be in attendance. Kim clarified that it is 5 days and stated that it would be in the interest of District to attend because she will be meeting with legislators while there to discuss an Infrastructure Funding Bill.

Mr. Zintz asked the Board if they ever called Jan to see how she was feeling after she quit. Monte replied that as the representative of the Board, he sat in on numerous meetings with Jan and discussed at length how Jan was feeling.

Mr. Zintz asked Monte if he was a PUD employee when Beacon Hill purchased the water system from the PUD. Monte clarified that Beacon Hill did not purchase the water system and confirmed that he was an employee at that time. Kim stated that in early 2006, Brian Skeahan, General Manager of Cowlitz PUD, approached Kim to see if the District would consider managing the water system if the City of Longview or City of Kelso declined. Mr. Zintz asked Monte if he felt it was a conflict of interest to be a District Commissioner while being employed with the PUD. Monte stated that he was able to service the citizens of the District well as a Commissioner of Beacon Hill Water & Sewer District.

Mr. Zintz asked Monte if he feels it is a conflict of interest that his son-in-law is employed by the District. Ted clarified that he was not Monte's son-in-law at the time he was hired. Kim stated that Troy works for Kim not Monte. Alan confirmed that District Commissioners have no oversight over Field Employees.

Mr. Zintz stated that the District hasn't heard the last of this matter and signing under duress does not hold up in court and left.

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, November 18, 2011**

Kim informed the Board that Mr. Zintz called the office recently to request a copy of the Resolution that prevented him from being a Commissioner while Jan was employed. He was told there was no such resolution and any such resolution would be illegal.

Kim presented the Board with 2 letters from customers for Board consideration. Kim stated that Cheryl Morrison received a leak adjustment of \$415.69 and has requested additional consideration based on economic hardship. Ted confirmed that she was charged the raw water cost. Alan asked if she understood that she was charged the District cost for the water. The Board asked that office staff schedule payment arrangements with the customer.

The second letter presented for Board consideration was from Dr. Boylon. Kim explained that she has received 2 leak adjustments. She has a large parcel of land with trees and flowers and water spigots run to the trees. After discussion of the leak adjustment policy, it was the Board's recommendation to isolate the yard from the house.

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 42.24.90, have been made available to the Board.

As of this date, November 18, 2011, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: Shaded October invoices the amount of \$169,040.63; and November invoices in the amount of \$125,876.37, payroll for November. The October Visa statements were provided to the Board electronically for review.

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.1430-1435. Motion carried.

There being no further business, the Board adjourned at 6:50 p.m. and the next meeting was scheduled for December 14, 2011 at 5:00 p.m. with the public hearing beginning at 5:30 p.m.

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, November 18, 2011**

Monte J. Roden, President

Ted A. Branch, Secretary

Dean A. Takko, Commissioner