

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, December 14, 2012**

President Takko called the special meeting to order at 5:00 pm on Friday, December 14, 2012 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Dean Takko, Ted Branch, Monte Roden
Kim Adamson, General Manager
Alan Engstrom, Legal Counsel
Brian Wilson, Field Lead
Debbie Vela, Finance Administrator
Vicki Kruse, Office Staff

Audience:

Craig Mattson, Richmond Engineering

It was moved by Monte Roden, seconded by Dean Takko, to approve the minutes of the November 15, 2012 meeting as drafted. Motion carried.

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 – Construction Updates.

Beacon Hill Pump Station. Paving has been completed and the slab has been poured. The project is a little behind schedule and a request for extension will be presented at next month's meeting. The delay is caused by the piping changes at NW Continuum as well as the delays in shipping times on the pump. There has not been any concerns with the contractor, who has been on site and progressing. The delays have been caused by the District's request for changes to the scope of the project due to unforeseen circumstances with the piping in the ground through no fault of the contractor.

Yelton/Niblett/Kelsey. The pumps were started on November 29, 2012. The contractor installed VFD's rather than pump starters as stated on the specifications submitted. A three-phase pump was used with a VFD rather than a single-phase pump, causing the VFD to burn up because it was undersized to run the three-phase pump. Kim explained that VFD's are more costly to maintain which is why the specifications called for pump starters. Kim stated that the contractor installed the VFD and did not have approval to install it.

The contractor hired an engineer at the District's request to inspect and review the two slabs rejected by the District. The engineer stated the slab could be repaired with an overlay or removal and replacement of the entire slab. The District's engineer recommends the entire slab be replaced. The contractor has contacted PR Worth and Five Rivers Construction about doing the replacement work. Both contractors have

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expressed concerns that they will only do the work if they get to inspect the demolition of the slab.

Williams-Finney Emergency Generator. The generator has been installed and turned over to the District.

Item 2 – Retirement Audit. Kim said that the Department of Retirement Systems recently completed their audit and gave a management letter for some minor concerns. Kim explained that one of the suggestions of the auditor states that Kim review the employee job duties every year to confirm that the employee is still eligible for PERS. Kim stated that she questioned the reasoning behind the review if employee job duties do not change and further explaining that when an employee's job did change, a review was done. The auditor responded that there should be proof that each position was reviewed for changes. In the future, Kim will complete a checklist and review employee job descriptions annually. It was also noted that the District did not report the hiring of a new employee who was a previous member of the retirement system. The "new employee" was long time Commissioner Monte Roden upon his retirement from the PUD. The District and Monte both contacted DRS to find out what needed to be done and DRS's recommendations were followed. Those recommendations were incorrect resulting in a comment from DRS in the audit.

Item 3 – Audit. Kim advised the Board that she has not received the finding letter from the Auditor yet. Kim said that the restated financials have been submitted to the Auditor's Office and are being reviewed. Monte inquired if a date for the exit conference has been set and Kim replied that it had not.

Item 4 – Budget. A copy of the 2013-2014 with changes as discussed at the last meeting has been submitted. The budget was written with Brian as a Field Superintendent which is an exempt position. Brian's current duties already make him exempt. There is no change in duties other than being on call 24/7 and a loss of overtime compensation resulting in less annual cost to the District. Kim presented current and new job descriptions and salary range of similar sized Districts as well as salary ranges for meter readers at similar districts. Monte had requested information to look at combining services for a meter reader/summer help position and that information was included for review. Kim explained the meter reader position is not included in the budget. The Board reviewed the data and discussed the benefits to bringing the meter reading in house. Monte suggested continued discussion in the coming months. Kim suggested coordinating the transition to the expiration of the current meter reading contract of November – December 2013. Monte said that he has reviewed the job descriptions that Kim sent and would like to get together with her to discuss further. Monte expressed concerns with deciding to make a position exempt. Kim and Monte discussed the Field Superintendent position at length.

Item 5 – Account Change. Kim informed the Board that she has been working with office staff to review account structures in an effort to minimize the number of manual adjustments processed. The State Auditor has identified manual adjustments as a risk and

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requires Kim to review and approve each adjustment. Kim stated the financial policy with the changes would be submitted in January 2013.

Kim said another item reviewed was the payoff policy for title companies. Currently, an overage charge of \$500.00 is added to payoffs to cover any additional water usage since the meter was read to calculate the payoff. Once the final read is taken, a refund check is issued to the seller. This process currently takes a considerable amount of time and after attending a conference recently, Kim believes she has found a solution. Kim met with a sales representative from the company WebCheck that allows a title company to obtain a payoff online. Kim explained that through the title company, the seller and the buyer would agree that the payoff obtained is the final payoff and any remaining charges would result in a balance forward for the buyer. If WebCheck were implemented, it would save having to issue a refund check as well as 2 meter reads and the processing of a manual adjustment. When talking with other Districts about their use of the WebCheck program, we found that most Districts are not billing renters directly since the property owner is ultimately responsible for the charges accrued whether the bill is in a renter's name or owner's name. The majority of the Districts Kim spoke with bill the owner directly and give the owner the ability to have a copy of the bill mailed to the residence for the renter to pay. By eliminating direct billing to the renter, it would eliminate the meter reading billing authorization agreement obtained from the owner and allow the owner to be made aware of a delinquency much sooner. Alan Engstrom stated that he would like to discuss the legality of the WebCheck agreement with Kim in detail later. After discussion, the Board agreed to the implementation of WebCheck and account changes as presented.

Action Items:

Item 1 – Budget. It was moved by Monte Roden, seconded by Ted Branch to approve the 2013-2014 budget as a management tool along with all attachments including the wage grid as written with the exception of the Field Superintendent position. Brian will remain as a Field Lead employee until further review. Motion carried.

Item 2 – Acceptance of Williams-Finney Emergency Power. It was moved by Monte Roden, seconded by Ted Branch to accept the work done by Fiver Rivers Construction for the Emergency Generator at Williams-Finney Pump Station. Motion carried.

Item 3 – Richmond Engineering Request. Craig Mattson of Richmond Engineering explained that he had requested additional engineering funds in August 2012 with an expectation that the project would be completed in October 2012. Due to ongoing challenges, Kim explained that it has been necessary to have Mr. Mattson on site to oversee the work. It was moved by Monte Roden, seconded by Ted Branch to approve the additional engineering costs not to exceed \$15,138.00. Motion carried.

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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, December 14, 2012, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: November claims in the amount of \$133,879.79; and December invoices in the amount of \$201,780.69, payroll for November. The November Visa statements were delivered the meeting.

Confirmation of Lien Filings. The Board reviewed the monthly lien synopsis. It was moved by Monte Roden, seconded by Dean Takko, to approve the filing of liens 1483 through 1486. Motion carried.

Other Business. Alan distributed the 2013 retainer agreement to be discussed at the January meeting as informational only.

Kim advised the Board that she would be meeting with staff from the City of Longview next week to determine a date in January 2013 for the ribbon cutting of the Mint Farm Well project. She will notify the Board once a date has been set.

As mentioned at last month's meeting, Kim reminded the Board that she would be serving on the Water and Sewer Risk Management Pool Executive Committee. She was asked to finish the term of another member who stepped down and has accepted. Monte questioned the time commitment and Kim reported that it will require her to attend a morning meeting each month in Bellevue and the Water and Sewer Risk Management Pool will pay for all of the travel and expenses to attend.

There being no further business, the Board adjourned at 7:00 p.m. The next meeting was scheduled for January 9, 2013 at 5:00 p.m.

Dean A. Takko, President

Monte J. Roden, Secretary

Ted A. Branch, Commissioner