

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, March 19, 2014**

Commissioner Roden called the meeting to order at 5:20 pm on Wednesday, March 19, 2014 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Monte Roden, Dean Takko and Bonnie Decius
Dell Hillger, General Manager
Alan Engstrom, Legal Counsel
Debbie, Finance Administrator

It was moved by Bonnie Decius, seconded by Dean Takko, to approve the minutes of the February 21, 2014 meeting. 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 – Updated 2014 Budget. Dell presented the 2013/2014 updated budget to the Board and the approach used in determining the changes. The format was modified on the budget narrative, which include additional page headers as well as the addition of general ledger numbers in red to be used as a cross reference to the spreadsheet presentation of the budget. Based on current information some of the more significant changes and additions to the budget were as follows:

- Labor & Benefit CPI Adjustments
- Increased Sewer Treatment Costs
- \$100,000 addition for a mini excavator and trailer
- \$100,000 addition for Beacon Hill's facility improvements
- 2013 postponed CIP's moved to 2014

Dell presented to the Board the need for the mini excavator. The District's backhoe in many instances is underpowered and easily stuck in wet conditions. Dean asked Dell if on jobs we knew the backhoe would not work, if we rent an excavator. Dell's reply was yes and gave the example of when the field crew had been called out at night on an emergency leak in the Ostrander area and due to wet conditions, the backhoe became stuck and the field crew ended up doing a lot of hand digging in order to patch the leak. The field crew returned the next day with a rented mini excavator to finish the job. There is still a need for the backhoe to load rock into the dump truck for delivery at work sites if needed and, if the job is close enough to the District, the backhoe is driven directly to the job site. In terms of service and providing the tools for the field crew to be more efficient and safer in their work, Dell feels a mini excavator would be beneficial. The cost for a mini excavator and trailer is estimated to be below \$100,000. Monte was interested in how many hours of use the District might put on a mini excavator, and based on that estimate; he recommended looking for both new and used. The shared State's approved list might be a good resource for locating one. The Board was unanimously in favor of Dell looking for a new or used mini excavator. Dell will start looking for one and keep the Board updated on the progress.

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The Beacon Hill Facility Improvements Budget of \$100,000 is for survey work, easement expenses, and yard improvements such as: culvert, fencing, paving and tree removal as well as the design work for the building improvements.

Some of the capital projects from 2013 were postponed until 2014 due to the transition of the new General Manager. The postponed projects from 2013 were moved to the 2014 budget. Every attempt will be made to complete the 2014 projects with the exception of the Hillside Pump Station Project which will be moved to 2015. The District wants to cooperatively do this project with the City of Longview as they have an old pump station at this location they want to reconstruct. There would be an economy of scale savings in building a combined pump station with separate entrances. The City of Longview has had to push their project out due to their focus at this time being on the Mint Farm RWTP project. At this time, the District will complete the pump replacement at Hillside as discussed in the prior Board meeting and move the rest of the project into 2015.

Monte asked about the timing of the Curtis Drive Intertie Project and availability of the remaining Stag Grant funds. Dell said the project's Small Works packages were recently sent out to the contractors and the mandatory preconstruction meeting is scheduled. The bid due date is April 15 and if we get a low bid, it will be scheduled for review and approval at the April board meeting. After approval, the District will give notice to proceed and start the project in May. Kim Adamson, the previous General Manager, had received an extension on the remaining Stag Grant funds into 2014. We will need to complete this project in that time frame in order to fully draw on the Stag Grant's remaining funds. It is also important to complete the Curtis Drive Intertie Project ahead of the Grandview Pump Station Project. The Grandview Reservoir supplies water to the Cedar Gates Reservoir which back feeds to the Lone Oak Reservoir. The completed Curtis Drive Intertie Project will allow the District to supply the area fed off of the Lone Oak reservoir. This will reduce the burden to supply water through the Grandview/Cedar Gates/Lone Oak system.

Item 2 – Sewer Billing Period vs. Water Billing Period. The District bills for water based on mid-month to mid-month read dates and for sewer on a full calendar month. Frequently our customers are confused by the two different billing dates on their bill and more so when a closing bill is issued. Dell recommended having the sewer billing dates match the water billing dates. The sewer would still bill at the base rate regardless of number of days in the billing cycle.

In the past a fair amount of time has been spent discussing how the District can simplify its billing due to a glitch that was found in short cycle billings. Vicki has been working with our software support team, Harris Computer, in comparing our current billing process to two other proposed billing options. Dell, Vicki and Debbie will be reviewing these comparisons next week. The Board is okay with changing the billing to whatever is easiest and makes sense to our customers. If we make any change it would be after the full transition has been made to monthly billing, which is about two months out.

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Item 3 – Project Updates – Curtis Drive, Grandview, SCADA. Dell sent out letters to the customers that will be affected by the Curtis Drive Intertie Project and three specific letters to customers that will have construction in their front yards. Dell will schedule meetings with these customers in the field to explain the plan and how the District will try to minimize the impact to them.

The Grandview project is a few weeks behind due to design challenges with the underlying rock structure which was discussed at February's Board meeting. The plans should be completed soon and submitted to DOH for their approval. The engineer is requesting an estimated \$16,000 amendment to the original contract budget due to the extra cost and time required to troubleshoot the obstacles of the design issues. The County approved the deviation request for a shallow bury using the ductile iron pipe. Next week, the District's field crew will drill in specific locations where the pipe will be laid and the Geotech will be there to test the material. Dell reviewed our available funding for this project and felt it would be sufficient.

The pumps and controls for the Grandview Project are being designed by the sub consultant under the engineer who is designing the project. Their idea for the telemetry was radio based. Dell has been pursuing a cellular based system for all of the District's pump stations. Instead of mixing the two types of telemetry, Dell believes it would a better fit for the District's needs to go with the cellular based SCADA system. Dell is working with the consultant and SCADA representative to bring the system together.

Item 4 – Beacon Hill Office/Facility Improvements. The survey has been completed on the District's property. The easement research is still in process but near completion. The payment drop box has been installed and fully functional.

Item 5 – Field Foreman Position. The District received and reviewed twelve applications. After the initial screening process, five of the applicants have been selected for interviews which are scheduled for Friday, March 21st. The District's interview panel will be Dell, Tom and Vicki. This panel will represent management, the field crew and office staff during the interview process. If a candidate emerges on top from the interviews the next step will be to check the candidate's references, do background check and physical. If the results are positive, an offer would be made contingent on Board approval and any other confirmations and tests the District deems necessary. The recommendation to hire would be presented at the April Board meeting. Monte commented on how important reference checks are in the hiring process.

Confirmation of Lien Filings. The Board reviewed the monthly lien synopsis. It was moved by Dean Takko, seconded by Bonnie Decius, to approve the filing of liens 1536 & 1537. Motion carried.

Other Business – Foreclosures. Dell updated the Board on the payment received for the foreclosure property at 283 Canvasback Drive in the amount of \$8,747.87.

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Alan conveyed to the Board that the negotiations on the property at 137 Sweet Birch Drive have come to an impasse with Nationstar who is junior lien holder of the property. In Alan's research he questioned how they got title to the property as they don't show up on the title. Nationstar showed up at the negotiations as they had been appointed as Successor Trustee but there is nothing that gives any ownership in the Deed of Trust to be able to do that. It was suggested by Nationstar and agreed upon by Alan to go ahead and file the lawsuit to get the other financial entity interested in discussing the foreclosure. Alan filed the lawsuit on March 18th.

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, March 19, 2014, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: February 2014 claims in the amount of \$109,419.86; and March 2014 invoices in the amount of \$158,152.48 and payroll for February. The February Visa statements were provided to the Board electronically prior to the meeting.

Other Business – Tim Wa Mobile Home Park Master Meter. The Tim Wa Mobile Home Park approached the District with regards to billing the park for usage instead of the individual residents. Dell let the mobile home park know that the District was in favor of this. Since then, the park lost their Manager and is going thru a transition. At this time the billing change is on hold. Dean commented that while in session an issue came up in the legislature about mobile home parks having vacancies. The Mobile Home Owners Association statewide wants to have some type of vacancy credit on lots that are vacant. There is no solution at this time for this vacancy credit.

Other Business – WASWD Conference. Due to scheduled time off, Dell will not be attending the April 10th and 11th WASWD Conference in Yakima. Dean will attend as the District's representative and take the opportunity to network with other attendees at the conference to get a feel for the Mobile Home Owners Association vacancy credit issue mentioned above.

Other Business – TRRWA Alternate. Due to scheduled time off, Dell will not be attending the April 9th TRRWA Board Meeting. The TRRWA Board requested a letter from Dell explaining that back in June of 2013 the District's board made a motion to name the District's President as the TRRWA alternate with the ability to appoint another commissioner as alternate as needed. This enabled our alternate to become a voting member. As President, Monte agreed to attend the meeting. Dell will get the agenda to Monte before the meeting.

Other Business – General Manager to Attend Alternate Conference. Since Dell will be unable to attend the WASWD Conference he is looking into alternative conferences. There is the AWWA Conference in Eugene, OR the first week of May. It is the Pacific Northwest Section of the AWWA which includes Southwest Washington.

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Other Business – Advertisement of Board Meetings. The District has a statutory requirement to advertise for District meetings and bids. The District advertises on its website and in The Daily News. Monte felt that in years past it made sense to advertise in The Daily News but as technology has moved toward the internet, newspaper circulation has gone down. Monte discussed having a statewide website where all the local entities could advertise meetings, bids and publish their minutes. Currently, contractors pay a fee to monitor where and when projects are going on. In bid advertisement at The Daily News, Dell estimated the District spends an annual average of \$800.00. Dean commented that the newspaper activists pushed back on this idea a few years ago. The activists stated that if bids were not advertised in the newspapers then proper notice was not being given to the public. Alan said the statutory requirement does not say you need to advertise in the pages of the paper of record so perhaps we could use their online advertising and truncate the ad with a reference to the website for the full advertisement. Monte feels that a statewide website would better serve our rate payers and contractors. Dean liked the idea of a statewide website but feels we would still need to put the ad in the paper of record.

Other Business – Wellness Program Scheduled Event. The District is hosting a family bowling night on Wednesday, March 26th at 5:30 p.m. at Triangle Bowl.

Other Business – Open Government & Transparency Training . On May 7th, Debbie Vela will be attending the Open Government & Transparency Training hosted by the State Auditor's office at the Longview Library. Dean and Monte showed interest in also attending.

Other Business – Tampering Fees. The District has a policy to charge \$250.00 for anyone tampering with a District meter. The District had a situation arise where the new owner of a home came in to sign up for water service. Our records indicated the water was locked off and when we asked the new owner when a good time to unlock the water was he said it was already unlocked and thought it had been done by the previous owner. After the new owner talked to his realtor and seller, Dell received a call from the seller letting him know he was the one that had unlocked the water. It was unlocked on a Friday evening for a final inspection scheduled for Saturday in order to close the sale. The seller thought it would be okay to do this. Considering the circumstances and the customer being forthright with Dell, the tampering fee was waived. Dell feels the intent of the District's policy is to deal with customers that are shut off for nonpayment or delinquency and cutting their locks to get their water back on without the District knowledge. Monte said the meters belong to the District and if damaged the customer would be liable for the cost of the repair. The Board unanimously agreed Dell has discretion in making decisions in these circumstances and encouraged Dell to continue making the Board aware of them when they arise.

Other Business – Cost of Service Analysis. The District plans to do a cost of service analysis. In the past Dell and Monte met with the PUD to discuss and get their input on the process. The PUD reviewed the tools and resources the District had used in the past to complete this analysis and felt it would be beneficial to the District to consider hiring a consultant that

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specialized in this type of analysis. The FCS group is one of the consultants recommended by the PUD that specialize in water, sewer and utility rate structures and setting rates. Dell agrees with the PUD's recommendation and would like to pursue a consultant for the initial analysis and then update it periodically. The Board unanimously agreed to have Dell start researching consultants and the costs.

The next meeting was scheduled for Wednesday, April 16, 2014 at 5:15 p.m. There being no further business, the Board adjourned at 7:25 p.m.

Monte J. Roden, President

Dean A. Takko, Secretary

Bonnie L. Decius, Commissioner