

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, July 16, 2014**

Commissioner Roden called the meeting to order at 5:20 pm on Wednesday, July 16, 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 Dean Takko and seconded by Bonnie Decius to approve the minutes of the June 16, 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 – Project Updates. The Curtis Drive Intertie project is complete. The engineer is asking for additional compensation of \$2,302.50 for additional inspection work related to utilities. Dell feels the additional cost is reasonable. Had we known of these issues in advance, the contractor would have had to address them in their bid. The project has come in under budget for both engineering and construction costs. It was moved by Dean Takko, seconded by Bonnie Decius to approve the additional consultant cost on the Curtis Drive Intertie project. Motion carried.

Dell reviewed the scope of the Grandview Pump Station project and the challenges the District was having with the environmental permitting process (SEPA). Even though the District communicated with Building and Planning that this project should be a Determination of Non-Significance or Categorical Exemption, Building and Planning required the District to go through the whole process due to being in what the County has determined to be critical areas: Geologic Hazard Area (Steep Slopes) and Critical Aquifer Recharge Area. To meet the permit requirements, the District incurred costs of \$6,700 for the permits and \$23,200 in additional engineering fees. Since our funding is tied to being able to get the local agency to sign off on the SEPA, a decision was made to go through the required process in order to avoid further delays and costs to the project. The District did receive a Determination of Non-Significance (DNS) from Building and Planning and is now waiting for the public comment period to end before sending it to Department of Health for final approval. We are also required to have a hearing before the Hearings Examiner for a Special Use Permit and a Variance Permit. Once we have final approval we can then go out to bid. It was discussed and decided upon to have Commissioner Takko and Dell seek an audience with the County Commissioner in charge of Building and Planning to voice the District's disappointment with the permit process. It may not help on this project but could potentially stop these kinds of delays and costs on future projects for the District as well as for other homeowners and contractors in the County. Commissioner Roden requested a detailed listing of how the additional engineering hours were used. Dell will provide that information to the Commissioners for continued discussion and review at the next

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scheduled Board meeting. To date we have received the County Road permit and the Department of Health project approval.

We received only one bid on the SCADA project from Hamer Electric. The bid came in at \$131,408.51, which was double our budget for this project. A couple of unexpected costs were a 25% markup of materials and the need to add NEMA 4 enclosures for the SCADA system at each location, which was determined by Hamer Electric's site inspections. The need for the additional enclosures came from lack of space in the existing enclosures as well as a concern that the UL listing would have to be recertified by L&I on the existing enclosures if changes were made. Dell reviewed this bid with Hamer Electric and also spoke with Correct Equipment. Correct Equipment had initially estimated the installation cost to be around \$24,000 when we put our budget together on this project. Greg from Hamer Electric said that due to the cost of the enclosures and the process of building them, they were comfortable with their bid and did not want to revise it. Dell suggested that the Board might consider rejecting the bid and have the District purchase the materials for a savings of around \$10,000 in markup, then rebid the installation after soliciting more electricians to the small works roster. Dell would also reevaluate the project and the amount budgeted. Monte commented that in the past when a bid went over the estimated amount all bids were rejected. It was then moved by Bonnie Decius, seconded by Dean Takko to reject the SCADA bid for \$131,408.51 from Hamer Electric. Motion carried.

Item 2 – Facility Improvements. The survey of our Facility's property has been completed and preliminary areas of desired conveyance from the Church to the District have been identified. We are waiting on the results of the fair market property appraisal. We did not order an appraisal on the Lexington Flood Control Zone District (LFCZD) parcel. Dell spoke with Ken Stone and he talked to the LFCZD Board about the strip of land the District is interested in. LFCZD does not want it as an easement but would be open to a lease for a nominal fee. Their legal council recommended a lease in order to keep track of this parcel of land so it would not be forgotten 10 years down the road. The nominal fee was discussed and the Board agreed upon \$50 annually.

Dell was contacted recently by the PUD to find out how soon we could move our water inventory from their facility. Dell sent our foreman to the PUD to find out what inventory we had there and, upon inspection, found about 50% of the inventory to be surplus. If we eliminate the surplus, the remaining inventory could be put into a new container and, along with our existing container, could be placed on the LFCZD parcel designated as a District storage and parking area. The disposal of the surplus inventory can be done in a way that is in the best interest of the District. Monte recommended contacting other utilities to see if they would have any interest in it and Dell said he would find out.

The property owner of 1111 West Side Hwy stopped by to discuss the trees that had been cut down and his tenants aggressive dog issue (see other business). He thought the trees were on his property but in looking at the property lines with Dell, he could see that it was Church property. During this conversation, he let Dell know that he would like to sell his rental property

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at this location and if the District was interested, he was asking \$95,000. It is close to a one-acre parcel. Dell said he would discuss it with the Board at the next meeting and proceeded to order an appraisal. The County assessment for this property is around \$79,000. There is no value in the house and it would have to be torn down. If the District did purchase this lot, it would give the District another option for building an office and conference room. Our existing building may not need to be expanded or remodeled and could be utilized entirely as our shop/maintenance facility. The Commissioners were open to the idea and will discuss further once the appraisal comes in.

The Board agreed to allow Dell to work with the District's legal counsel to put together a lease agreement for the LFCZD parcel.

The Board also agreed to let Dell start the negotiation on the Church property once the appraisal comes in and then present it to the Board at the next meeting in August.

Item 3 – Surplus and Purchase of Vehicles. As per Board direction at the June 2014 meeting, it was formally moved by Bonnie Decius, seconded by Dean Takko to declare as surplus and dispose of appropriately, a 1984 Dump Truck, 2000 Jeep Cherokee, 4 studded tires with rims and the authorization to purchase, on state bid, a 2015 Chevy Silverado Ext. Cab 4x4. Motion carried.

Item 4 – Alpha Drive Sewer Main Slide/Settling Issues. The ground has shifted creating separation issues with the sewer laterals that currently serve three homes from 109 to 115 Alpha Drive. Gibbs & Olson looked at it with a Geotech who supported our observations. It is obvious where there was a slip in the land with cracked foundations and separations in a driveway. Sewer main repairs were done in this area about fifteen years ago. Gibbs & Olson helped us put together the following five options for addressing the recurring sewer pipe failures:

Alternative 1 – Repair or replacement of the existing sewer main in its existing location. Estimated cost \$215,000

Alternative 2 - Construction of a new sewer main in front of the houses utilizing open cut construction with service laterals re-routed as necessary. Estimated cost \$278,800

Alternative 3 – Construction of a new sewer main in front of the houses utilizing trenchless construction methods with service laterals re-routed as necessary. Estimated cost \$195,125

Alternative 4 – Installation of one or more package grinder pump stations or septic tanks with effluent pumps and re-routing of service laterals as necessary. Estimated cost \$294,125

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Alternative 5 – Installation of individual grinder pump stations with a shared force main to MH 452. Estimated cost \$205,125

Alan requested from Dell the value of all three parcels. Dell checked the Assessors website and found all three lots were assessed for a total of \$230,000. A sixth option may be to purchase all three lots.

At this time, per Alan's legal counsel that it was the District's obligation, Dell authorized the repairs to the customer's sewer lateral connection that ties into the system.

After continued discussion, none of the alternatives presented were selected at this time. Instead, the Board agreed and instructed Dell to make reasonable repairs to keep the sewer going.

Item 5 – Longview Study for Alternate Water Source. A couple of the Longview City Council members wanted to revisit the water quality issue. The Council asked city staff to look at hiring a third party consultant, one who has not worked on the system, to reevaluate the water quality issues and determine if it makes sense to go back to a water source at the Cowlitz River or other alternative sources.

Dell met with the City staff today and interviewed CH2M Hill. CH2M Hill presented to the staff about fifteen alternative ways to address the water quality issues. One alternative is “no action” which has the least cost and effect on the water quality. Other alternatives range in cost from 12 million to 64 million dollars. One idea of interest was to pump water from the Cowlitz River, treat it at the Fisher Lane Treatment Plant, pump it into the Mint Farm Wells in the winter months, creating a bubble of treated water you could draw on over time. This method would eliminate silica by forcing the minerals mixed in the well water to the outer perimeters of the wells. It is becoming a common practice all across the United States and particularly in Florida. Also noted, from all the information CH2M Hill read, they thought the City of Longview did a great job of due diligence on studies, prep, lab work and communicating their decision to go with the Mint Farm Wells for a water source. They did not see a value in questioning the decision to go with the wells and based on all the information they had, felt it was the right decision.

There is another interview on Monday, July 21st with Brown and Caldwell. Carollo Engineers backed out at the last minute due partly to the political nature of the issue. The City Council wants a recommendation from the staff for the consultant, scope and cost of the study prior to their August 14th meeting. Dell will present the results at the District's next Board meeting. It could potentially cost around \$150,000 for this re-evaluation, which the District would likely be responsible for approximately 15%. If the City goes forward with the study, Dell estimated the re-evaluation should be completed around December unless there is a citizen advisory committee selected, which may push it out a couple months into 2015. The staff asked CH2M Hill about their experience with this type of committee, which they did have experience and stated the pros and cons.

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Dell commented to the Board that the District continues to get some water complaints about silica, black slime and chlorine odor. The black slime appears to be the magnesium and iron coming back into solution from the pipes. The City provided the District with fact sheets regarding the various components in the water with home treatment options which we have made available to our customers.

Commissioner Takko stated, "we need to get our water from somewhere and would like to see the least amount of financial impact as possible". Commissioner Takko also wanted to know that if the City wants several million dollars to address water quality issues, what will the affect be on the customer bills, which is essentially the bottom line. Commissioner Roden would like to know how each alternative equates to a rate increase as a percentage. He also asked if the City had thought about alternative water sources and Dell said yes that even the Columbia River was discussed as one of them.

Commissioner Roden opened up discussion about putting some of this information in the next newsletter. It was decided that if the City proceeded with the re-evaluation study we would inform our customers of that in the newsletter.

Item 6 – Blood Drive Sponsor. Dell presented to the Board his desire to sponsor a blood drive. He had inquired at the Church about using their parking lot for the bloodmobile to set up in. The Board agreed to having the blood drive, its location and allowing the staff to participate.

Item 7 – Strawberry Lane Water Availability. Dell presented a rough draft of his response to Sharon Laulainen regarding availability of water to her 16-acre lot, which is outside our retail water service boundary. In the past, Sharon had requested from the PUD and the District on several occasions for more than one available connection on this parcel. Each time the request had been denied based on the moratorium put in place by the PUD limiting the number of connections on parcels that were divided prior to 2004. She has also requested permission to divert the available water connection from her parcel WI1702025 to WI0813001. Dell stated that the District's first priority is to serve our existing customers and to make sure our existing infrastructure is in good shape before we put our focus and attention on expanding our existing system. That does not mean we will not continue to look at expanding our capacity in the future. After continued discussion, the Board's position has not changed, therefore denying Ms. Laulainen's request for additional connections and the diversion of the available water connection from one parcel to another. Dell will convey this decision to Ms. Laulainen in a written correspondence.

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 1543 through 1547. 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, June 16, 2014, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: 2014 claims submitted after June 16, 2014 in the amount of \$257,096.41; and July 2014 claims to date in the amount of \$67,549.95 and payroll for June and July to date. The June Visa statements will be made available to the Board electronically when available.

Other Business – 1111 West Side Hwy - Aggressive Dog Issue. The renters at this address have two pit bulls that have gotten loose on several occasions and wandered around District property. The dogs are aggressive and have barked at, jumped on and lunged at some of our employees. The property owner was notified and he in turn gave us the tenant's phone number in case we continued to have issues after he talked to them about keeping the dogs tied up or fencing them in. The dogs got out again and were extremely aggressive toward Dell. Dell told the owner they needed to keep their dogs tied up or he was calling the police. At that time, Dell contacted the Humane Society to report the incidents. Since then, the dogs have not been loose and we have had no further incidents. As a precaution, the District has made available to the employees pepper spray as a way to protect themselves from the dogs if they should get out again. The commissioners agreed with the way Dell handled the situation and to aggressively pursue the matter as needed.

Other Business – Dell's Scheduled Time Off. Dell made the Board aware of his plans to be out of the office from August 5th – 12th to attend a memorial service in Texas.

Other Business – TRRWA Alternate Board Member. Kent Cash has left Cowlitz County Public Works to go to the Port of Vancouver. George Raiter is the interim Director of Public Works with Brent Sanborn, the Utility Manager from the County, as the acting TRRWA Board Member representing the County. Jeff Cameron is now the Chair for the TRRWA Board.

Other Business – On Call Consultant Agreements. The District had in place biannual consultant agreements for on call professional services with Gibbs & Olson, Richmond Engineering and Kennedy Jenks that ended June 30th. Dell asked the Board to allow him to extend these agreements for an additional 2-year period through an amendment. The Board agreed to the 2-year extension through an amendment.

Other Business – 929 Nevada Drive. This property has a lien for \$4,068 and is now going into foreclosure. The property owner has passed away and Vicki was able to contact the executor of the estate and was told the estate is in probate. Dell asked the Board for their recommendation of either proceeding with the foreclosure or holding off on the foreclosure until the estate has gone through probate. The intent of the executor was to sell some of the property, either personal or real, to settle the debt. The Board unanimously agreed to wait on the foreclosure until after the estate has gone through the probate process.

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The next meeting will be a regular meeting and was scheduled for Wednesday, August 20, 2014 at 5:15 p.m. There being no further business, the Board adjourned at 7:30 p.m.

Monte J. Roden, President

Dean A. Takko, Secretary

Bonnie L. Decius, Commissioner