

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, August 20, 2014**

Commissioner Roden called the meeting to order at 5:20 pm on Wednesday, August 20, 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
Vicki, Office Staff

It was moved by Bonnie Decius and seconded by Dean Takko to approve the minutes of the July 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 – Customer Request for Tampering Fee Reversal - The Board reviewed and discussed the customer's request to remove the tampering fee charged to 137 Lexington Avenue on May 20, 2014. Based on the information presented and the history of the account, the Board unanimously decided not to remove the tampering fee. The Board's decision will be communicated to the customer in writing.

Item 2 – Surplus Vehicles Sold – Dell updated the Board on the sale of the 2000 Jeep Cherokee for \$1,350 and the 1984 Dump Truck for \$5,000.

Item 3 – BHWSO Facility Improvements – The Board moved to Executive Session at 5:30 p.m. to discuss an item of potential property purchases with no action taken.

At 5:43 p.m., the Board resumed the regular meeting. The Board came to a consensus giving Dell the authority to negotiate the purchase of property.

Dell and Alan drafted a license agreement to LFCZD for a parcel of land they own that the District would like to use. The license agreement was presented to LFCZD's legal representative for review. The LFCZD Board will review this agreement at their September 9th Board meeting.

Item 4 – Project Updates - Curtis Drive Waterline Intertie Project. It was moved by Dean Takko, seconded by Bonnie Decius to approve the completion of the Curtis Drive Waterline Intertie project for \$129,302.00 plus sales tax and \$10,656.00 in change orders plus sales tax and the release of retainage upon confirmation of the project's release from L&I, Employment Security and the Department of Revenue. Motion carried.

Waterline Improvements: The Board discussed and agreed to a combined project bid for the Monticello to Lone Oak and Sunset Way to Lone Oak waterline improvements with PRV stations.

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Alan asked if we had sufficient funding for this project. Dell then presented to the Board a spreadsheet of the District's capital improvement projects budgeted for 2014 through 2020 and their funding source(s). The projections show no fund deficits for these projects.

Crestline Place: The Board discussed and agreed to proceed with a Small Works Project on Crestline Place to replace 900 feet of a dead end run of the four-inch Asbestos Cement main with new six-inch ductile iron or C900 PVC with an estimated cost of \$54,000. Dell anticipates the project to be completed in the fall of 2014.

SCADA: One of the District's goals for the SCADA system was to be independent from the PUD's SCADA system. Most of the sewer system's SCADA is relatively new and has always been independent from the PUD. However, the water system is not, and is required to be by the end of 2015. Dell recommended we rebid the SCADA project for the water system only. By eliminating the sewer system from the bid, it should come in closer to the original budget for this project. The Board agreed to have the SCADA project rebid for the water system only.

Project Priorities: Dell reviewed the Water System Plan's Capital Improvement Project Schedule. After careful consideration and due to Hillside, Skyline, Grandview and Cedar Gates reservoirs and pump stations being identified as critical facilities affecting up to four water supply zones, Dell recommended and the Board approved, the following reprioritization of the Water System Plan's capital projects:

- 1) 2015 Grandview Pump Station
- 2) 2015 Hillside Pump Station
- 3) 2016-2018 Skyline 500,000 to 1,000,000 gallon Reservoir and Pump Station
- 4) River Crossing over bridge to Ostrander
- 5) Cedar Gates – additional storage and Pressure Booster Stations
- 6) Intertie Beacon Hill pressure zone with Skyline pressure zone

Dell will look at DWSRF, DOE and other funding sources for the Hillside and Skyline Pump Station projects.

Grandview Pump Station: The District is through the permit process on this project but due to delays in this area, the project has been rescheduled to go out for bid the early part of 2015 with a construction start date in mid to late spring of the same year.

Dell and Dean met with the County Commissioner to voice their dissatisfaction with the planning review and permitting process. The Commissioner was receptive to Dell and Dean's comments and concerns. The Commissioner will follow up with the County's Building & Planning Director on how to improve the process going forward.

Item 5 – City of Longview Water Source – The City of Longview Council voted four to three to proceed with the alternative analysis to see about the feasibility of going back to the Cowlitz River as a water source. The budget is \$217,256 for the study with BHWS being

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responsible for about 15% of the cost. A Citizen Advisory Committee (CAC) will be formed as part of the process. The Committee will include technical advisors from the City, Beacon Hill and outside sources. The City of Longview and Beacon Hill will be involved in the selection process of this committee. The results of the analysis should be complete and available in April 2015.

Monte would like to see the estimated costs for the alternative water sources and/or treatment and communicate that financial impact to the ratepayers. Monte also stressed the importance of our Board being part of this process in deciding the best alternatives in addressing these issues.

Item 6 – Resolution No. 464 – Purchasing Policy Revisions. Dell presented Resolution No. 464 to the Board for consideration in making the following revisions to Public Works Project section of the District's Purchase Policy, based on current RCW's 57 & 39:

PROJECTS AND REPAIRS – \$2,500 AND MORE BUT LESS THAN \$5,000

- Add the line "Really Small Public Works Projects (RSPWP)".
- Change "\$2,500 and more but less than \$5,000" to "\$2,500 and more but less than \$20,000".
- Add the line "Small Works Roster process is not required but may be used".

PROJECTS AND REPAIRS - \$5,000 AND MORE BUT LESS THAN \$200,000

- Change "Projects and repairs \$5,000 and more but less than \$200,000" to "\$20,000 and more but less than \$300,000".
- Change "a 5% performance bond" to "a 100% payment and performance bond".
- Change "the bid and performance bonds" to "the bid, payment and performance bonds".

PROJECTS AND REPAIRS - \$200,000 AND MORE

- Change "projects and repairs of \$200,000" to "projects and repairs of \$300,000".
- Change "5% performance bond" to "100% payment and performance bond".

After discussion, it was moved by Dean Takko, seconded by Bonnie Decius to approve Resolution No. 464 updating the District Purchasing Manual and the procedures for the implementation of Small Works projects, repealing resolution 433 and 439. Motion carried.

Item 7 – Surplus Inventory – The Board discussed the inventory being considered as surplus. A list of the items was not available at this time for the Board's review. Dell will provide the list at the next Board meeting for their consideration.

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 1548 through 1553. Motion carried.

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.

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As of this date, August 20, 2014, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: 2014 claims submitted after July 16, 2014 for \$119,537.76; and August 2014 claims to date in the amount of \$168,642.99 and payroll for July and August to date. The July Visa statements were provided to the Board electronically prior to the meeting.

Other Business – Smart Grid Summit – Dell was invited and accepted an invitation to the Smart Water Summit being held in Palm Beach, Florida on September 8 -10. There is no cost to the District for Dell to attend. The Board discussed and felt there was real value in Dell attending.

Other Business – Medical Alert and Water Lock Offs – A customer is scheduled to have their water turned off due to their account being delinquent. The customer stated that the District could not turn off their water because she has a family member on a breathing machine that uses water. The Municipal Research and Services Center of Washington (MRSC) was contacted for guidance on this issue. MRSC's response and the District's legal council agreed we have a right to turn off the water. Bonnie asked if we had documentation regarding the medical condition. The District does not have a policy requiring documentation. The District has the option to lien the property for delinquent charges whether we leave the service on or lock it off. The Board did not recommend any policy changes. If the District is unable to verify the medical alert for further Board consideration, the District will proceed with the scheduled lock off.

Other Business – Late Summer Newsletter – Dell asked the Board for their input on newsletter topics. Monte would like to include a section on preparing for winter, such as winterizing pipes. Dean would like to see a piece on the approval of the City of Longview Water Source Analysis, some of the options being considered and their construction and treatment costs. Dell would like to add a section regarding the Waterline Leak Insurance scam. Dell thanked the Board for their ideas and will present a newsletter draft to the Board prior to publishing.

The next meeting will be a regular meeting and scheduled for Wednesday, September 17, 2014 at 5:15 p.m. There being no further business, the Board adjourned at 7:15 p.m.

Monte J. Roden, President

Dean A. Takko, Secretary

Bonnie L. Decius, Commissioner