

**Beacon Hill Water and Sewer District  
Commissioners' Meeting Minutes  
Wednesday, October 22, 2014**

Commissioner Roden called the meeting to order at 5:20 pm on Wednesday, October 22, 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  
Debbie, Finance Administrator  
Vicki, Billing & Collecting  
Audience: Jeff Veys  
Chris Gonzales

It was moved by Commissioner Takko and seconded by Commissioner Decius to approve the minutes of the September 24, 2014 meeting. Motion carried.

The Board welcomed Jeff Veys to the Board meeting. Dell presented background information on the issue relating to Mr. Veys development on Alpha Drive. While doing the required fire flow test for Mr. Veys, it was found that due to the various pipe sizes used on Alpha Drive going to Hydrant 55, a backflow event was created. Due to this event, a decision was made to shut down Hydrant 55 until the back flow issue can be resolved. Dell will notify the Fire Department of this decision. To correct the backflow issue, the District would need to replace the four-inch and six-inch pipe sections that start at Beacon Hill and run down Alpha Drive with eight-inch pipe. The District already recognizes this as a capital improvement project but it is not scheduled in the near future.

Mr. Veys stated that he is in the application process with Building and Planning for a four lot short plat on the upper portion of Alpha Drive. One of the conditions for approval of this short plat is for Mr. Veys to install a fire hydrant adjacent to the lots. Due to the backflow issue mentioned above, it does not allow the fire hydrant to be installed there. Mr. Veys is requesting the Board move up the capital improvement project on Alpha Drive, which would deal with the various size pipes causing the backflow issue. Mr. Veys' focus is on the first 600 feet of Alpha Drive as this is where the required fire hydrant needs to be installed for his short plat. Dell said there would have to be modeling done to see if 600' of pipe repair on the upper portion of Alpha Drive would give the 475-500 GPM at the hydrant needed for fire flow to Mr. Veys' lots. Based on the limited impact to the existing customers on Alpha Drive, at this time the Board was reluctant to reprioritize the Alpha Drive pipe replacement project for the development of Mr. Veys lots and fire flow issue.

Mr. Veys stated since he is responsible for the cost of the required hydrant, another option proposed by Building and Planning would be for him to put aside the cost of the hydrant in a Trust (around \$5,000). Then when the Alpha Drive pipe improvement project was scheduled by the District, the trust would be available for the installation of the hydrant.

At this time, it was decided that Mr. Veys would contact Building and Planning to get more information on establishing the Trust for the hydrant and how that would impact the progress of his development. Mr. Veys thanked the Board and left.

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.

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**Item 1 – FCS Group's Draft Rate Study** – The Board welcomed Chris Gonzales from the FCS Group. Dell gave a brief overview of the study to date. Chris then proceeded to present to the Board a power point presentation of the 2014 Water and Sewer Rate Study. The study looks at the rates over a 20-year period but mainly focuses on the rates impact over the next 5 years. After the presentation, the Board had Chris make several changes to the model, working different scenarios to try and reach the desired rates and rate structures. After a lengthy discussion, the Board redirected Chris as to the rates they would be comfortable with in 2015 and some new guidelines for subsequent years covered in the study. Chris understood the direction the Board wants to take with the rates, their structure and the timing of its capital improvement goals. Chris will take this information back to the group and work on the revisions for the Boards consideration at the November Board meeting.

**Item 2 – 2012-13 State Audit Preliminary Draft** – Dell presented to the Board the preliminary results of the 2012-2013 State Accountability and Financial Audit. Dell commented on how well the audit went and that the Auditor commended the District on how well it had done. Dell gave special recognition to Debbie for all her work and organization of the District's financial records and to Vicki for all her work and organization of the billing and project records. Commissioner Roden attended the audit exit conference, concurred with Dell's comments, and recognized Dell for his work on the audit as well.

**Item 3 – Accounting and Billing Software Upgrades** – Dell presented to the Board a proposal for accounting and billing software upgrades. Our current software's database engine will no longer be supported by Microsoft. A transition by Inhance was made to Inhance iCIS. The District is one of the few clients with Inhance that have not made the transition to iCIS. Vicki attended a conference on the new software and found many benefits to the District transitioning to this upgraded software. There is a cost to the District of around \$57,000 for the software and onsite training. Vicki shared the background; pros, cons and bottom line of transitioning to this new software as well as confirming no further hardware upgrades are needed if the District proceeds with the software upgrade.

After discussing, Commissioner Decius made a motion to approve the Harris Computer software upgrade proposal, not to exceed \$60,000, seconded by Commissioner Takko. Motion carried.

**Item 4 – Preliminary 2015-16 Budget** – Dell reviewed the proposed 2015-16 Budget with the Board, discussing the process and the use of the Portland 2014 Mid-Year CPI as a base line for increased revenues and expenses. Actual increases have been used where known. Once the rate study is complete, it may be necessary to revise the revenues in the budgets.

Dell shared with the Board the 4.6% increase in medical & dental rates for 2015 and the 5% increase estimated for 2016.

A Field Maintenance III employee is budgeted for starting in 2015 at the mid-level pay scale. This position would eliminate the summer help position(s). The District would also like to eliminate the meter reading expense by having this position read the meters. There will be additional hardware and software costs incurred for in house meter reading. Dell would like to hire the new employee in 2015 and in the meantime, as needed, hire temporary help to fill in for

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those out on leave or for extra help on occasional project repairs. After further discussion, the Board unanimously approved the hiring of a Field Maintenance III position.

The Board will continue to review the 2015-2016 Budgets for further discussion at the November Board meeting.

**Item 5 – Excavation Equipment** – Dell summarized his previous request for a mini excavator and trailer and how further discussion with the field staff revealed that a Vactor truck with a jetter would be more appropriate for the District's needs. If a Vactor truck were purchased, there would no longer be a need for the trailer-mounted jetter or vactor and they could be sold to offset some of the cost of the Vactor truck. There are sufficient field crew employees with Class A and B licenses to drive and operate the Vactor truck. It would also eliminate the expense of hiring an outside service for pumping out the pump stations and manholes.

After further discussion, the Board unanimously approved the change in this budgeted item from a mini excavator to a Vactor truck.

**Item 6 – Project Updates** – The project for Monticello/Sunset Way/Lone Oak Waterline Improvement project has been started with some delays due to weather. Gibbs & Olson is under budget on the first proposal for design and bid services for this project. The District did not include award and construction management in this Agreement of Engineering Services with Gibbs & Olson. At this time, Dell is requesting an amendment to the contract for \$10,750 to cover the award and construction management costs.

After further discussion, Commissioner Takko made a motion to amend the original agreement for the Monticello/Sunset Way/Lone Oak Waterline Improvement project agreement between Gibbs & Olson and the District, to include award and construction management not to exceed \$10,750, seconded by Commissioner Decius. Motion carried.

**Item 7 – Facility Improvements** – Dell will be closing on the property purchase at 1111 West Side Hwy on Thursday, October 23. The Lexington Flood Control Zone District Board has signed the license agreement, the District has paid the \$50 annual fee, removed a section of fence, added additional gravel and will be relocating the District's storage container to this new area.

**Item 8 – Level Billing Program** – Dell had Vicki give a brief history of the Level Billing Program and the annual reconciliation process. Due to the low customer participation, the length of time it takes to reconcile each account annually and that the District moved to a monthly billing cycle, Dell recommended the Board discontinue the level billing program. If the Board agrees to discontinue this program, the District would communicate this to the existing customers on the program and do a final reconciliation of their accounts in December.

Commissioner Takko made a motion to discontinue the Level Billing Program, seconded by Commissioner Decius. Motion carried.

**Confirmation of Lien Filings.** The Board reviewed the monthly lien synopsis. It was moved by Commissioner Takko, seconded by Commissioner Decius, to approve the filing of liens 1558 through 1564. 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, October 22, 2014, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: 2014 claims submitted after September 24, 2014 for \$93,316.91; and October 2014 claims to date in the amount of \$142,736.53 and payroll for September and October to date. The September Visa statements were provided to the Board electronically prior to the meeting.

**Executive Session** - The Board moved to Executive Session at 8:30 p.m. to discuss a personnel issue. The Board returned from executive session at 8:40 p.m. with no action taken.

**Other Business – Commissioner Takko’s meeting with the Department of Health –** Commissioner Takko attended a meeting with the City of Longview and members of the Department of Health (DOH) regarding the ongoing Mint Farm Wells water issues. The DOH reconfirmed that there are no health issues with the water and that it meets the clean water standards of the State of Washington and the EPA. The water has aesthetic issues and some chemistry issues that may be affecting some houses differently. The DOH will be available to attend the next City of Longview council meeting and do a presentation. The City members were open to this idea.

**Other Business – Employee Handbook revision for Sick Leave Sharing –** It was moved by Commissioner Takko to revise the Employee Handbook for Sick Leave Sharing as follows:

- The donating and receiving employee have been employed by BHWSO for at least six continuous months.
- The donating employee must retain a minimum of 30 working days (240 hours) of sick leave in their pool,
- and can then donate up to 10 days (80 hours) of their remaining sick leave per employee per fiscal year.
- The donating employee shall remain anonymous.

seconded by Commissioner Decius. Motion carried.

The next meeting will be a special meeting and scheduled for Monday, November 24, 2014 at 5:15 p.m. There being no further business, the Board adjourned at 8:45 p.m.

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Monte J. Roden, President

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Dean A. Takko, Secretary

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Bonnie L. Decius, Commissioner