

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, December 16, 2014 & December 30, 2014**

Commissioner Roden called the meeting to order at 5:15 pm on Tuesday, December 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
Debbie, Finance Administrator
Vicki, Billing & Collecting
Audience: Amy Blain, City of Longview
Adrienne DeDona, JLA Public Involvement

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

The Board welcomed Betty Jones from 1965 West Side Highway, #40 in Kelso. Ms. Jones presented to the Board her letter dated December 16, 2014 stating her issue along with her signed service agreement dated October 15, 2014 and her October and November 2014 billing statements. Ms. Jones was looking for clarification of the service fees on her bills and when she can sign up for the reduced rates for seniors citizens/disabled. Vicki from the District's billing department explained the five-dollar water and five-dollar sewer service fees charged on the customer's bill. She explained that these fees are charged each billing cycle whether the customer occupied the resident for one day or thirty days. She also stated the requirements for the 15% senior citizens/disabled discount offered by the District. Ms. Jones acknowledged her understanding of how she is billed for the service fees and that she will sign up for the discount in 2015. The board thanked Ms. Jones for coming and she 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.

Item 1 – Customer Withholding Partial Payment of Water Bill. The customer did not attend the Board meeting and the Board did not take up any discussion on this issue.

Item 2 – Customer Request: Letter from Sharon Laulainen. Dell discussed the letter received from Sharon Laulainen. He will follow up with a letter to Ms. Laulainen, letting her know that the District's position has not changed.

Item 3 – Longview Water Quality Study – Dell welcomed Amy Blain from the City of Longview and Adrienne DeDona from JLA Public Involvement to the Board meeting. Amy updated the Board with regards to the Fisher Lane Plant. She met with two members from CH2M Hill, instrument, electrical, structural and mechanical technicians and engineers at the Fisher Lane Plant. They toured the plant in order to determine what would be needed and the cost associated with getting the plant back up and running short term as well as long term, including new demand projections, necessary improvements and regulatory changes. Commissioner Roden was interested in the timing of their finding. Amy explained that it would tie into the study and feed into the Customer Advisory Committee (CAC) as one of the

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alternatives that are being investigated. There will be a tour of the plant given to the CAC members toward the end of January 2015. They are hoping their findings will be known at that time.

Adrienne gave an overview of the project and the CAC's role, responsibilities and mission. She discussed the CAC selection process and scoring. The results for the District were discussed and recommendations made to the Board for their consideration in selecting the two members that will serve on the CAC for the District. Adrienne would like the Board to keep in mind that the two members selected should have a balance of perspective on the discussions and outcome of the study. Members with varying opinions and ideas are valuable elements for this committee. Dell provided a handout of the applicants and their account history as another consideration in vetting the applicants. In addition, the Board discussed the importance of interviewing the applicants. The City of Longview will not be conducting interviews but Adrienne did not see any reason why the District couldn't. The Board unanimously identified and agreed to schedule interviews with four of the applicants as part of their decision process. Dell and Adrienne will put together a series of questions for the interviews. The interviews and final selection of the two CAC members will be scheduled for Tuesday, December 30, 2014 as a continuation of tonight's Board meeting. The CAC members selected will then be conveyed to Adrienne soon after the meeting in order for her to notify them as well as those not selected.

The Board discussed Commissioner Decius role as the District's CAC liaison. She will attend all the required CAC meetings in 2015, keeping the Board informed of its progress. If for any reason she can't attend a meeting, Commissioner Roden will be her alternate.

The Board thanked Amy and Adrienne and they left.

Item 4 – FCS Group Rate Study. Last month the Board agreed to Scenario B of the rate study, which would increase the water base rate to \$29.50 and a consumption rate of \$2.25 per CCF in 2015. These rates were run through a test database for each customer. In reviewing the results it was found that revenues on commercial accounts were not being fully captured. Instead, the burden was placed back on the residential accounts. Dell went back to Chris at the FCS Group to see what he could come up with to return this revenue to the commercial accounts. He came back with reduced base rates and a structure of two block rates for consumption as follows:

Residential Accounts:

Block One: \$2.25 per CCF

Commercial Accounts (based on proposed increase in water GFC):

Block One Rate: \$2.25 per CCF (0-16 CCF)

Block Two Rate: \$3.50 per CCF (>16 CCF)

Dell advised the Board on what the current General Facility Charge (GFC) is as well as the proposed increase. He discussed the District's GFC's compared to other local agencies. Also, per Chris' recommendation, we should be using the same standard in water as we do in sewer for our large meter base rate, which is a capacity based ERU ratio. The District is

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currently using a charge based somewhere between a meter service equivalency and a capacity based ERU equivalency.

After further discussion, Dell requested the Board consider Resolution No. 469 with Attachment A as follows:

Water Rates:

Class 1 Single Family Residential

Base rate: \$28.60
Consumption Charges: \$2.25/CCF

Class 2 or 3 Commercial/Industrial

Large meter base rates restructured to ERU based equivalencies per schedule
Consumption Charges: \$2.25/CCF (0-16 CCF)
\$3.50/CCF (>16 CCF)

It was moved by Commissioner Takko and second by Commissioner Decius, to adopt Resolution No. 469 with the exception of the increased water General Facility Charges on Attachment A, motion carried.

Item 5 – General Terms and Conditions Policy Updates. Dell reviewed with the Board his proposed revisions to the District's General Terms and Conditions. The changes include updates in areas where it discusses the District's monthly billing cycle, changing the sewer billing cycle to be the same as the water billing cycle, adding a minimum of 90 days for a property to be vacant in order to qualify for the vacancy program, vacancies lasting longer than 12 months will be subject to inspection, sewer lateral repairs or replacements within District easements or road right of ways will require sewer inspection and fee, and defining what qualifies as a leak when requesting a leak adjustment and that the request must be made within 6 months of discovering the leak.

It was moved by Commissioner Takko and second by Commissioner Decius, to adopt Resolution No. 468 with the exception of the General Facility Charges increase in Exhibit 2, motion carried.

Item 6 – Employee Manual Updates. The changes were made to the Employee Manual as requested by the Board in the November 2014 meeting.

It was moved by Commissioner Decius and second by Commissioner Takko, to adopt Resolution No. 467, motion carried.

Confirmation of Lien Filings. The Board reviewed the monthly lien synopsis. No new liens were filed in the month of November.

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, December 16, 2014, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: 2014 claims submitted after November 24, 2014 for \$72,877.33; and December 2014 claims to date in the amount of \$218,445.55 and payroll for November. The November Visa statements were provided to the Board electronically prior to the meeting.

Other Business – TRRWA 2013 Audit. Dell let the Board know that the 2012/2013 TRRWA 2013 State Audit had begun.

Other Business – 2015 Commissioners Workshop. Dell mentioned to the Board the 2015 Commissioners Workshop Schedule.

Executive Session - The Board moved to Executive Session at 6:55 p.m. to discuss a real estate acquisition. The Board returned from executive session at 7:00 p.m. with no action taken.

Other Business – Real Estate Purchase. The Board continued their consensus in giving Dell the authority to negotiate the acquisition of property identified as parcel 63345 as registered with the Cowlitz County Assessor's office.

This meeting will continue on Tuesday, December 30, 2015 at 5:15 p.m. for the interview of CAC candidates. This session of the meeting was adjourned at 7:15 p.m.

Commissioner Roden called session two of the December 16, 2015 meeting to order at 5:15 pm on Tuesday, December 30, 2014 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Monte Roden and Bonnie Decius
Dell Hillger, General Manager
Debbie, Finance Administrator
CAC Applicants: Ron Melin
Brandon Gimper
Orranda Chamberlain
Alissa Lee

Item 3 continued – Longview Water Study – CAC Member Selection. The Board was given five predetermined questions and a scoring grid for each candidate. Based on these questions, the Board proceeded to interview the four candidates for the Community Action Council (CAC) in the order listed above. After the last applicant left the Board discussed each applicant and their qualifications to serve as a member on the CAC. After a lengthily discussion, the Board unanimously agreed that Orranda Chamberlain and Alissa Lee were the best

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candidates to represent the District. The Board's selection will be conveyed to Adrienne DeDona with JLA. Adrienne will then notify all of the candidates with the results.

Item 5 continued - General Terms and Conditions Policy Updates. Dell made one last minor change to the General Terms and Conditions Policy Updates for the Boards consideration regarding the inspection of all Side Sewers. The rate structure did not cover the District's costs for gravity system inspections with and without pressure tests. Exhibit 1 in the General Terms and Conditions was changed to define these costs. The Board agreed to the change with no further Board action needed.

Other Business – 2015 First Quarter Update Newsletter. Dell had presented to the Board the 2015 First Quarter Update Newsletter and asked for any comments or changes before publication and mailing. No changes or additions were requested by the Board.

Other Business – Property Purchase. Dell let the Board know that he signed the purchase agreement today for the property identified as parcel 63345 as registered with the Cowlitz County Assessor office.

The next meeting will be a special meeting and scheduled for Friday, January 23, 2015 at 5:15 p.m. There being no further business, the Board adjourned at 7:40 p.m.

Monte J. Roden, President

Dean A. Takko, Secretary

Bonnie L. Decius, Commissioner