

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, April 24, 2015**

Commissioner Roden called the meeting to order at 5:18 pm on Friday, April 24, 2015 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
Alan Engstrom, Legal Council
Vicki Kruse, Office Staff

It was moved by Commissioner Decius and seconded by Commissioner Roden to approve the minutes of the March 20, 2015 meeting as amended. Motion carried.

The Board welcomed Don Gutschow to the meeting. Don explained the reason he was attending the meeting was to ask the Board to consider going to consumption based sewer rates. He presented a couple of cost scenarios to the Board. Commissioner Roden explained to Mr. Gutschow that we had hired a firm to do a rate study in determining our current water and sewer rates. Dell explained the City of Longview's sewer base rates and their consumption charges that are determined by the previous winter's consumption. Dell stated that if a customer is outside the city limits in Longview, their base rates are \$52.55 plus \$8.73 per 1ccf of water usage. It would be less inside city limits as there are additional costs for those outside the city limits. Commissioner Roden said he philosophically agreed with Mr. Gutschow in that he felt people should pay for what they use and committed the District to look at this in the future. If the District did go to consumption based sewer rates, it is unclear if the cost would be similar to Longview. A rate study would be used in making that determination.

Commissioner Roden shared with Mr. Gutschow the District's purchase of property and its goal of building administrative offices on the upper lot. He said it would solve some of the issues and concerns of possible future flooding and storage space. Mr. Gutschow stayed for part of the remaining meeting then 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.

Item 1 – Customer Requests – The District did water tests for four customers on Nevada Drive; three of those customers had attended the March Board meeting. A letter was sent to each of these customers with the water test results. The results were in line with what was coming out of the water plant. Chlorine residuals were also tested resulting in an ideal range. The test results seemed inconsistent with the odor issues the customers were having. Dell was informed that at times the City of Longview adjusted chlorine levels and their odor issues may have been a result of that. On occasion, Commissioner Roden has experienced stronger chlorine odor as well. He felt that these tests were a good base line and recommended not doing any more of them due to the expense to the District.

The City of Longview put together a list of cleaning products based on anecdotal reports from customers with no guarantee they will work. These products are primarily for hard water and silica deposits.

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Item 2 – Project Updates – The SCADA project was completed in January but the Board's acceptance of the project was overlooked.

After a brief discussion, it was moved by Commissioner Decius, seconded by Commissioner Roden to approve the completion of the SCADA project for \$91,245.61. Motion carried.

The Grandview Pump Station project has gotten off to a good start. All of the new water main is in the ground from Columbia Heights to the pump station including the two inch line that comes back down to feed the residences there. They started paving and will continue as weather permits. The foundation footings and floor slab have been poured for the pump station. The CMU blocks are scheduled for installation on May 4 and the pump skid is scheduled to arrive on May 11.

Dell presented to the Board a change order on the project. The contractors found about four feet of soft material where the footings were to be poured. To correct this issue, additional excavation, fill and compaction testing needed to be done. The total change order is \$5,211.24 for all the material, equipment, labor and compaction testing.

It was moved by Commissioner Decius, seconded by Commissioner Roden to approve payment of the change order for \$5,211.24 for the additional labor, material and testing. Motion carried.

The Crestline Place Water Line Improvement project started on Monday, April 20. Since Crestline has such a fragile main, Commissioner Roden expressed concerns regarding repairs if any breaks occur in the lines during this project. Dell said that the contractor can shut the valve and the District would be able to respond if a break occurred. Dell will continue to follow up with the contractors and staff to coordinate in case of a break.

Dell shared with the Commissioners that the field crew has been actively replacing a long list of old outdated meters and especially the larger ones. One of the two-inch meters in a mobile home park had to be recalibrated each year and was down to 77% accuracy. The old meter was replaced by a new Omni meter by Sensus at a cost of around \$700-800. After replacing this meter our revenues went up \$575 in the first month. The District is focused on replacing older meters with high reads and those with known issues.

The field crew continues to camera the old CMP sewer lines in hard to reach areas and the cleanup of the old house site next door.

Item 3 – Facility Improvements – The field crew started the cleanup on the lot where the training burn was done. The metal debris has been recycled, the concrete separated and what remained was discarded in the dumpster. Dell shared with the Board pictures and videos of the house burn. Dell plans to share some of this in the next newsletter as well as the projects the District is working on. Commissioner Decius asked if we were going to be removing some of the Cottonwood trees on the property. Dell said yes as well as some old stumps that had been logged previously. The plan is to haul them to one of the pulp mills to recycle.

Item 4 – Financial Statements – In the Board packet Dell provided a copy of the District's 2014 annual financial report for review. The report has been reviewed by Dell, Debbie, and the District's CPA and is ready for filing with the State. After a brief discussion, the Board approved the report for filing.

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Item 5 – Schedule of Rates for Equipment & Personnel for Outside Services – Dell is working on several Interlocal agreements and found it necessary to update this schedule. The last update was in 2010.

After a brief discussion, it was moved by Commissioner Decius, seconded by Commissioner Roden to approve Resolution No. 472 updating the Schedule of Rates for Equipment and Personnel, including Exhibit A. Motion carried.

Item 6 – Personnel Manual – Bereavement Policy – As requested by the Board in the last Board meeting, Dell surveyed the staff concerning keeping the current bereavement policy, adding the parent-in-law or eliminating the policy and adding an extra floating holiday each year. Five of the staff liked the extra floater and four of the staff was okay with either choice. After a brief discussion, it was decided to eliminate the bereavement leave and add the extra floater.

It was moved by Commissioner Decius, seconded by Commissioner Roden to approve Resolution No. 471 replacing the bereavement policy with adding an extra floating holiday per year on the employee's anniversary date. 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 1578 and 1581. 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.

As of this date, April 24, 2015, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: 2015 claims submitted after March 20, 2015 for \$60,134.84; and April 2015 claims to date in the amount of \$152,244.31 and payroll for March and April 2015. The March 2015 Visa statements were provided to the Board electronically prior to the meeting.

Other Business – Hard Copy of Rate Study – Dell handed out hard copies of the 2015 Rate Study to the Board members.

Other Business – Candidate Filing Due Dates – For the 2015 election cycle, Dell made the Board aware of the candidates filing due date of May 15, 2015. Commissioner Takko will be up for re-election this year.

Other Business – WASWD Conference Update – Dell attended the April 2015 WASWD Conference in Yakima. One of the topics of discussion at the conference was the status of the Public Works Trust Fund. In 2013, the State had taken most of the available funds to offset education deficits. The Public Works Board has also added more requirements for loan qualification, such as increased interest rates and Federal money first requirements, which is unclear what that means, so there is little chance of getting to these funds. WASWD continues

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to lobby hard for the State to leave these funds alone. Currently the Public Works Trust Fund is predicted to be in the red for the biennium. It draws on approved funds now. The State may be able to cancel some existing loans. It is unclear what this means. If agencies are required to pay the remaining principle due now on these loans it could result in these agencies needing to go out and acquire bonds to pay off the loans.

Assumption Bill SSB5048 passed the House and the Senate and was forwarded to the Governor for his signature. This bill relates to the referendum of assumption of water-sewer districts by cities and towns. The city or town wanting to assume the utility would have to go to a vote of the area to be assumed.

SSB5348 passed the House and Senate and was forwarded to the Governor for his Signature. This Bill allows joint utilization of bids for engineering and architectural services.

HB1410 passed the Senate and was forwarded to the Governor for his Signature. This bill increased bid limits on district projects from \$20,000 to \$50,000.

HB1102 is concerning local government installing a public sewage system within the public right-of-way under certain circumstances. For example, if someone is on a septic system that is failing and the planning department will not allow it to be replaced then the local agency would be required to provide sewer service. This bill apparently died in the House or Senate.

Clark Halvorson, Executive Director of the Department of Health spoke on potential changes in the future and one of them was on the water system plans that are required to be updated every 6 years. They are considering giving a soft window of six to ten years for these updates.

Other Business – Summary of CAC meeting - Bonnie gave an update to the Board about the April 14, 2015 CAC meeting. Bonnie brought handouts from the meeting for Dell. No significant progress has been made. Commissioner Roden suggested changing the meeting schedule to two meetings a month and getting costs associated with the alternatives to the committee members. Commissioner Decius and Dell agreed.

The next Board meeting will be a regular meeting and scheduled for Wednesday, May 20, 2015 at 5:15 p.m. The next CAC meeting is scheduled for Tuesday, May 19, 2015 at 6:30 p.m. There being no further business, the Board adjourned at 6:50 p.m.

Monte J. Roden, President

Bonnie L. Decius, Secretary

Dean A. Takko, Commissioner