

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, December 16, 2015**

Commissioner Roden called the meeting to order at 5:20 pm on Wednesday, December 16, 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
Debbie, Finance Administrator
Audience: Keath Huff, Cheryl Huff, Roxanna Huff, Scott Vydra,
Mike Wallin, Roger Peters, Jeff Wilson, Carol Bales, Richard McCaine and
Tyler Johnson

It was moved by Commissioner Decius and seconded by Commissioner Roden to approve the minutes of the October 21, 2015 meeting. Motion carried.

It was moved by Commissioner Decius and seconded by Commissioner Roden to approve the minutes of the December 02, 2015 emergency meeting. Motion carried.

Commissioner Roden welcomed the audience to the meeting. The audience, except for Tyler Johnson, attended to witness Keith Huff take the Oath of Office of Commissioner. Commissioner Roden officially swore in Keith Huff as the Districts new Commissioner, who will be replacing Commissioner Takko, for the 2016-2021 term of office. Commissioner Roden signed the Certificate of Oath of Office, pictures were taken, Keith Huff made a brief introduction of the audience to the Board and then they left. Keith Huff stayed for the remainder of the meeting.

Commissioner Roden welcomed Tyler Johnson to the meeting. Mr. Johnson is the owner of NW Builders and is purchasing property in the District at 105/107 Lexington Avenue that has a security lien on it from 1978. The District established this type of lien with Resolution No. 212 dated April 3, 1978. This established policies and guidelines with respect to connection of separate residential units through residential units already connected to the District. The policy imposes a nominal connection fee of \$100.00, an inspection charge and requires a lien to be filed against the property to be equal to the balance of the latecomers charge ordinarily imposed in the particular service area of the District. This protects the District and insures that the remainder of the latecomers charge will be paid at the time the property is sold.

In this matter and for further clarification, a letter dated September 9, 1999 was sent to the property owner, Mrs. Dixon, from the general manager of the District at the time, Mr. Manasco, stating that if the second unit was removed and the lateral disconnected, the issue of the second connection balance would become mute.

Mr. Johnson conveyed to the Board that he is currently scheduled for a preconstruction meeting with Cowlitz County Building and Planning to review plans to build a new Lexington Hardware Store on the larger lot. With big trucks coming in to this location, his intent for the lot with the two dwellings is to have a circle through driveway to Lexington as well as adding bulk storage. Due to costs, the plan entails two stages. The purchase sell agreement with the current owner, Mrs. Dixon, is to allow her to remain in the dwelling until June 30, 2016. After that date, both dwellings would be demolished and the second utility connection capped off. Mr. Johnson is

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requesting the Board allow him to purchase the property without paying off the lien for the second connection with plans to cap it off at the end of June 2016. Commissioner Roden stated that he thought this was a reasonable request. He would like the District's legal-council to draw up an agreement and have Mr. Johnson pay the legal fees associated with drafting this agreement. Commissioner Decius was in agreement with Commissioner Roden. Dell asked Mr. Johnson what his time frame was on getting this agreement with the District. Mr. Johnson stated that the sooner the better as the title company would not close on the property until the lien was removed. Through a consensus, the Board agreed to have Dell contact the District's legal-council to draw up an agreement to safeguard the District's interest and allow Mr. Johnson to move forward with the purchase of the property. Dell will be timely in contacting the District's legal-council to discuss this matter. Mr. Johnson thanked the Board for their consideration and left.

Due to a lack of quorum, the Board did not meet for the regularly scheduled meeting on November 18, 2015. At this time, the Board proceeded with the November 18, 2015 agenda and then moved on to the December 16, 2015 agenda.

Board of Commissioners Meeting Agenda and Notes for November 18, 2015

Item 1) TRRWA – JMUSA Formation Agreement – The final draft of the JMUSA Formation Agreement was included in the November Board Packet. The operations date of the agreement was changed to July 1, 2016, as the County Auditor was non-committal on whether they would continue to handle TRWWA's accounting administration and personnel benefits once it was adopted. This will give TRRWA time to acquire the staff or services of someone that can handle these tasks. If the agreement was formally adopted now, come January 1, 2016 the County Auditor could theoretically drop the accounting and benefit administration and put TRRWA in a bind with trying to quickly acquire the services of someone that can perform these services.

The District's legal-council had previously recommended using a previous 60 months versus the previous 12 months in the agreement to calculate a members interest if they should want to discontinue their membership. The TRRWA Board evaluated the two methods and felt that 60 months would also be a better way to represent each member's annual budget contributions because it flattens out the highs and lows and gives predictability to budgeting. It is Dell's understanding that the other members have already signed this agreement. At this time Dell recommends the Board sign this latest version of the JMUSA Formation Agreement with an operations date of July 1, 2016.

With no further discussion, Commissioner Decius made a motion that the District enter in to the JMUSA Formation Agreement with an operations date of July 1, 2016, seconded by Commissioner Roden. Motion carried.

Item 2) Project Updates

- Aloha Drive and Palm Drive Water Main Improvements – This project was discussed at the October meeting. Dell presented the Board with the Gibbs and Olson proposal for replacing the water mains on Aloha Drive and Palm Drive. The amount of this proposal is \$38,500.00. Dell had Gibbs and Olson include bid, ad, award, and construction management in the proposal. This is a smaller project the District could start right away. Dell requested the Board authorize him to accept this proposal.

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Commissioner Decius made a motion to allow Dell to enter into an agreement with Gibbs and Olson for the Aloha Drive and Palm Drive water main improvements not to exceed \$38,500.00, second by Commissioner Roden. Motion carried.

- Hillside Pump Station DWSRF – Dell explained that since the Public Works Trust Fund was no longer available due to the State's distribution of its funds to education, he had applied in 2014 for a Drinking Water State Revolving Fund (DWSRF) loan for the Hillside Pump Station project. In order to be eligible for these funds the District had to be rejected by the Centennial Fund from the Department of Energy (DOE) for sewer projects or the DWSRF fund from the Department of Health (DOH) for water projects. At the time, Dell applied for and was rejected for the loan based on the scoring of our projects. About a month or so ago Dell the DOH let him know they had some extra funds in the DWSRF and wanted to know if he was interested in reapplying, using the previous year's application, which he said he was. The DOH did not guarantee we would get the loan but that the District had a better chance this time around. At this point Dell is waiting to hear back from the DOH on the status of the loan. He anticipates hearing from them in January or February. Dell explained that he looked into other funding options such as revenue bonds but they came with a higher cost. With a DWSRF loan the interest rate is normally around one percent but can go as low as a half of a percent. Commissioner Roden asked what the total cost of the Hillside Pump Station project was estimated at and Dell said \$858,500.00.

Commissioner Roden asked how this project fit with our capital plan. Dell said that a year and half ago the intent was to work cooperatively with the City of Longview to build one structure with two rooms but they continue to push the project out. The last Dell heard they had it scheduled for 2017 due to the availability of their engineering staff as opposed to going out to a consultant. Dell stated that this may continue to get pushed out by the City of Longview and due to pump intake issues and the age of this pump station, he does not want to continue delaying the project based on their schedule. Commissioner Roden asked Dell that even if the City of Longview puts in a Ranney system, is there a chance of them not going into Hillside, it being one of their bigger reservoirs. He would like the reassurance that if we move forward with the project that they will not abandon it. Dell did not believe that would happen. Hillside is the City of Longview's main reservoir with around 12 million gallons. For the District it is the primary pump station that feeds up to Skyline, to Grandview, to Cedar Gates and then gravity feeds back down to the Lone Oak area, so it is a critical pump station for us. Dell believes the project is just as critical for the City of Longview with both pump stations being about the same age. Neither Commissioner Roden nor Dell felt that the City of Longview would not eliminate this project, but Dell will have that conversation with them just to cover all the bases.

Dell also shared that in talking with his field foreman, other alternatives were being considered to the standard brick building pump station. There are skid mount pumps that come in a steel box. There are pros and cons to this, one being if you have to work on the pump you would be out in the weather as opposed to having a roof over it. Commissioner Roden said this pump station would be a good one to

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consider this alternative on because it was out of sight and difficult to access. This alternative would come with the pump ready to pipe on both ends, bring the power into it and it would be done. One of the challenges would be getting enough suction so it may have to be lowered several feet. It will also depend on how much the City of Longview fluctuates the levels in the reservoir.

Item 3) General Terms and Conditions – It was recommended at the October meeting to modify the General Terms and Conditions for water base rates to be applied on a pro-rata basis for periods lesser than one month. To make this change, Dell presented to the Board Resolution No. 478, retroactive to October 21, 2016.

Commissioner Decius made a motion to approve Resolution No. 478, retroactive to October 21, 2016, seconded by Commissioner Roden. Motion carried.

Item 4) Sonetics Wireless Communications – This budget item was purchased for safety issues and has enable the field crew to communicate with each other in a safe manner in various working environments. The system has a range of about 800 feet. It came with five head sets and a receiver base at a cost of \$6,420 plus tax. Dell conveyed the field crew's appreciation to the Board for the purchase of this equipment.

Confirmation of Lien Filings - The Board reviewed the monthly lien synopsis. It was moved by Commissioner Roden, seconded by Commissioner Decius, to approve the filing of lien 1604-1606. Motion carried.

November Financials and Claims review will be included in the December 16, 2015 agenda.

Board of Commissioners Meeting Agenda and Notes for December 16, 2015

Items 1) Customer Requests – Doug Morgan who lives at 151 Williams-Finney Road requested any help the District could provide for a leak adjustment for high usage from what he believes was vandalism. Mr. Morgan's letter to the District stated, "*The problem was the outside water fixture in the front of the house was left on and then disconnected from the outside and hidden under the house and left running by the foreclosed prior occupants*". Prior to the sale of the property the account reflected no water consumption. At the time the District unlocked and turned on the water there was no indication of a leak. Dell read the District's policy regarding leak adjustments to the Board. The policy states that the District does not give leak adjustments due to customer action or negligence such as a hose left running or leaky toilets. Due to the nature of the leak, Commissioner Roden feels it was the homeowner's responsibility to make sure everything was turned off once the water was turned on. It was the consensus of the Board to deny the leak adjustment request to Mr. Morgan at 151 Williams-Finney Road.

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Item 2) Commissioner Formalities – Dell recognized Dean Takko for his 31 years of service as Commissioner to the District. Dell shared the plaque the District had made for Dean's years of service. The plaque reads,

*In grateful appreciation for your years of outstanding service and commitment.
Dean Takko 1984-2015
Beacon Hill Water and Sewer District*

The Board will schedule a mutually convenient time to present the plaque to Dean in person. Dell and the Board once again recognized and welcomed Keith Huff who will be replacing outgoing Commissioner Dean Takko.

Item 3) November Board Packet Items – See notes on page 1- 4

Item 4) Project Updates

- Alpha Drive Emergency Sewer Main Realignment – This project is near completion. The bypass plug will be pulled on December 17 and flow will go through the new sewer line. Cowlitz County Public Works asked that we CDF and plug the end of the old line. The section that had most of the collapsed pipe will have CDF pumped in as far as it will go. Due to extreme weather conditions, extra rock and shoring was needed for the project, which may incur additional costs than what was originally contracted. When the information is received, Dell will email it to the Board members.
- Sewer Inspection and Evaluation – In past meetings Dell mentioned to the Board his concerns on the condition of the corrugated metal sewer pipe (CMP) that runs through various canyons. He requested Gibbs and Olson to give the District a proposal to have the sewer mains inspected by sewer camera and evaluated to determine what sections are high priorities to be repaired or replaced. In the Board packet an aerial view was provided of the areas to be included in the proposal. A professional camera company would be hired to come in and camera these lines. It is important to do this work during the winter in order to determine the areas that are leaking from Inflow and Infiltration (I&I). Dell will be involved in reviewing the camera data with Gibbs and Olson and determine the critical areas of repair or replacement. Commissioner Roden wanted to know if the scope of the project included costs associated with building better access roads to these areas as needed. Access roads are not included in the scope, but can be performed under Small Works projects.

Commissioner Roden made a motion to proceed with Gibbs and Olson to do an evaluation of approximately 15,800 linear feet of CMP, concrete and asbestos cement (AC) gravity sewer piping with a price, at this point, not to exceed \$92,000, second by Commissioner Decius. Motion carried.

- Lexington Reservoir Evaluation – Dell provided the Board with a diagram showing the issues. Before the Mint Farm Regional Water Treatment Plant (MFRWTP) went on line, the District received their water from the Fisher Lane Water Treatment Plant (WTP). The plant would run during the day and fill up the reservoirs, and at night,

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the levels in the reservoirs would go down. In 2013 when the MFRWTP came on line they ran it a little bit different. It runs off of the Hillside Reservoir levels. Therefore, as the Hillside Reservoir gets down to a predetermined point, it sends a signal to the MFRWTP telling it to turn on and then pumps water to refill the Hillside Reservoir.

The 1,000,000-gallon Lexington reservoir was constructed in 1977. In 1978, the PUD experienced some slide issues and constructed a keyed rock wall to improve drainage and minimize future movement. Sometime after, they dropped the levels in the reservoir down to two-thirds of the full level in order to play it safe from causing additional land destabilization. This reservoir works off an altitude valve and when the reservoir levels drop and there is higher pressure feeding in to it, the altitude valve will open up and fill the reservoir back up. Previously, the Hillside Reservoir and Lexington Reservoir when full were set at the same level. The problem is, because the Lexington reservoir is now set at a lower level we have this constant higher pressure on the Hillside reservoir so there is no way for the demand to be great enough to pull down from the Lexington reservoir. So the water is just sitting there. This was discovered in January when we put our new SCADA system online. In reviewing the data, the level remained at a flat line at 18.15 feet for about a week or so. Dell had the field crew check the chlorine residual and found it to be at zero. Commissioner Roden asked if it were to cycle how long would the chlorine last in the tank? By the time the water gets from the MFRWTP to the tank it has a long time in the pipes. Dell was not sure of the residence time but it is estimated that it takes at least five days from the source to arrive at the tank. The changes in chlorine levels were noticeable at Ostrander and Woodbrook where we were getting almost zero reads at the end of the line. To remedy this, a chlorinator was installed at the Ostrander Pump Station, which now keeps the chlorine levels in an acceptable range.

Dell contacted Brian Ranney at GeoEngineers, who was hired by the District a few years back to evaluate some issues with the Lexington reservoir. Dell asked Mr. Ranney to provide a proposal to evaluate the reservoir and give us a final answer on whether we can fill the reservoir completely or not. If we can do that, it can operate within the window that the Hillside reservoir is running in. Hillside runs a real narrow window, a one to three PSI differential. One idea is to put an actuated valve closer to our meter coming from the City of Longview and have it tied in with telemetry to the reservoir. The valve would close when it is full, then supply water from the Lexington reservoir, and then when it got to a certain level it would send a signal to the actuated valve, and Hillside would then feed to raise the level back up. That way we can get some turnover in the reservoir. Mr. Huff was wondering if there would be an issue with opposite flow like the City of Longview experienced when they brought the MFRWTP on line. Commissioner Roden felt their issue was related to the age and type of pipes. The Districts pipes are probably half the age of the ones that caused the City of Longview's issues. Dell said that if it is determined to be an issue, it could result in some replacement of pipe.

Dell will update our master agreement with GeoEngineers before a service agreement can be signed. The proposal scope includes an initial site reading taken

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and one follow up after 30 days. Commissioner Roden asked what the cost would be for additional monitoring. Dell planned to have GeoEngineers train our field crew to do the monitoring going forward.

Commissioner Roden made a motion for GeoEngineers to do a landslide evaluation of Lexington reservoir not to exceed \$30,145, second by Commissioner Decius. Motion carried.

Item 5) Resolution No. 480 through 483

- Resolution 480

Dell requested the Board approve an increase in the income level from \$35,000 to \$40,000 as part of the qualification to receive the senior and disabled base rate discount. Commissioner Decius made a motion to approve resolution 480, seconded by Commissioner Roden. Motion carried.

- Resolution 481

Dell requested the Board approve the rate increases as recommended in the rate study and discussed in the October meeting and listed in Attachment A. Without further discussion, Commissioner Decius made a motion to approve resolution 481, seconded by Commissioner Roden. Motion carried.

- Resolution 482

In the past, there was a flat hourly rate for personnel for outside services. Dell is recommending changing the rates to the employee's current fully burdened rate in order to be fair to the agencies using our services. Without further discussion, Commissioner Roden made a motion to approve resolution 482, seconded by Commissioner Decius. Motion carried.

- Resolution 483

Dell recommended District logo clothing that is offered to the employees with a 50/50 shared cost with the District to be capped at \$100 per year. After a brief discussion, Commissioner Decius made a motion to approve resolution 483, seconded by Commissioner Roden. Motion carried.

Item 6) Health and Wellness Update – Dell explained the history of the Wellness program and the benefits the District receives from it. Mainly it is a tool to help reduce our annual medical insurance rates by promoting good health and wellness on a regular basis to the District employees through various programs throughout the year. Overall the 2016 medical and dental rates averaged out to a 4.95% increase. Mr. Huff commented that the market place was reporting increases in coverage as high as 24%. Commissioner Roden commented on how well the program works. Dell will use a “greatest hits” approach to the 2016 Wellness program based on an employee survey.

Item 7) 2015-2016 Budget – Midpoint Adjustments – The District's budget is a live document and we manage it throughout the two year period. The midpoint adjustments were

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presented to the Board. Dell pointed out that employee wages were increased by the 2015 Portland mid-year CPI at 1.3%. A summary of all increases and decreases to the budget were presented in the Board packet for review. Dell explained the increase in professional services which includes an update to the rate study. Dell also reviewed the changes in the capital budget. The John Street main replacement project was replaced by the Aloha & Palm Drive main replacement project. The West Canyon View project was moved to 2018. There may be some funds left over from the sewer camera project. \$500,000 was budgeted for sewer pipe replacement and \$120,000 budgeted for designing a control valve for Lexington supply/ reservoir. After a brief review and discussion the Board was in agreement with the midpoint adjustments.

Item 8) General Manager Contract and Performance Review – When Dell started with the District, the State Auditors recommended Dell have an employment contract with the District. At that time, Dell drafted an agreement based on one that the previous manager had done. This agreement was initially for a three year period and is now up for renewal. The District's legal council recommended changes to the contract for clarification purposes. Renewal dates were taken out of the contract. The recommended version of this contract was included in the Board packet for review.

Commissioner Roden made a motion to update the proposed General Manager Agreement as presented in the Board packet, seconded by Commissioner Decius. Motion carried.

Commissioner Roden commented that Dell has not only met but also exceeded his expectations from when they hired him and appreciates what he has done for the District and would like Dell to continue. Bonnie was in agreement and told Dell he has done a great job, she appreciates the work he does which in turn has made her job a lot easier here at the District. Dell thanked the Board and let them know that he really enjoys working with them. He feels the Board has always been very supportive and open with him and he is appreciative of that.

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 1607 and 1611. 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, December 16, 2015, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: 2015 claims submitted after October 21, 2015 for \$52,549.88; and November 2015 claims to date in the amount of \$219,886.17 and payroll for October, November and December 2015. The November 2015 Visa statements were not available at the time of this meeting and will be provided to the Board electronically prior to the January 2016 meeting.

Other Business – The VFW was trying to pay a customer's water bill where services had been turned off. The problem was the VFW's policy for using the County relief fund requires the bill to be in the customer's name. Since this is a renter, our policy is to bill the owner and mail a

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copy to the renter upon request of the owner. To remedy this situation, a bill was sent out to the VFW with the renters name on it. This appears to be an isolated issue and Dell did not anticipate this happening very often.

Other Business – Dell passed on Christmas cards to the Board members from Gibbs and Olson.

Other Business – Dell asked for the Boards input on the newsletter. Commissioner Roden asked if we sent out four newsletters per year. Dell said that we have sent out two major newsletters and one on billing changes. Commissioner Roden said he does not mandate that we do four per year but as needed with project updates and policy changes. Mr. Huff made a comment on the spacing of the paragraphs.

Other Business – Commissioner Roden recommended to Mr. Huff and Commissioner Decius that they review the District's water plan for discussion at the January or February Board meeting(s). The focus being on what we have already accomplished and then what the most important projects are going forward. Dell will send the water plan to them electronically through the drop box.

Other Business – Dell asked if Mr. Huff and Commissioner Decius would be attending the commissioner's conference on January 25, 2016. They replied that they would both be attending.

The next Board meeting will be a regular meeting and scheduled for Wednesday, January 20, 2016 at 5:15 p.m. There being no further business, the Board adjourned at 8:30 p.m.

Monte J. Roden

Bonnie L. Decius

Keath B. Huff