

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, March 16, 2016**

Commissioner Roden called the meeting to order at 5:23 pm on Wednesday, March 16, 2016 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Monte Roden, Bonnie Decius and Keath Huff
Dell Hillger, General Manager
Debbie, Finance Administrator

It was moved by Commissioner Huff and seconded by Commissioner Decius to approve the minutes of the February 17, 2016 meeting. Motion carried.

Manager Report – 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) Project Updates

- *Sewer Main Inspection and Evaluation* – As outlined in the Manager Report this project is nearly complete except for some areas that we are waiting on for drier weather. The data from the lines TV' d to date is being compiled, put on maps and identifying areas that need to be looked at closer. Overall, the condition of the lines is not as bad as originally thought. There are a number of issues with some offsets, root intrusion and grease. On initial review, there are some areas we may require small projects to line a manhole, fix a connection or replace a section of pipe.
- *Flushing Water Mains* – We are preparing to flush water mains in the Lexington area starting on March 21 for the next two weeks. The flushing will be between Solomon Road and work all the way up to the north end of Lexington. After that, we will then focus on the hills and eventually work our way through the system. Now is a good time to do the flushing because we do not have a high demand on the water system.
- *Hillside Pump Station Project* – The Interlocal Agreement is getting closer to being drafted. We are still working on language that meets all of our Drinking Water State Revolving Fund requirements for the project.
- *Change Orders* – While drafting the Interlocal Agreement, Dell was asked what authority he had in approving change orders. He reviewed our current policy with the Board, which depending on the project classification, have various approval thresholds. Dell reviewed the MRSC survey and TRRWA's authorization of change order thresholds. Commissioner Roden and Dell agreed that if a change order was needed for a scenario that no one could have seen ahead of time and will hinder the progress of the project it would make sense to go ahead with the change order. If we want to add to the scope of the project items that could be considered bells and whistles and does not hinder the progress of the project then these change orders would need Board approval. Commissioner Roden felt that the \$5,000 limit is low and recommended changing it to \$25,000. After further discussion, the Board

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unanimously agreed to increase the change order threshold the General Manager can approve from \$5,000 to \$25,000. If for some reason a change order should surpass this limit a special meeting could be called to discuss and take action on if need be. The Board recommended revising the District's Purchase Policy by including the change order limit under a separate heading.

- *New District Office* – In the Manager's Report, Dell presented to the Board his architect selection. Commissioner Huff understood the reasoning behind Dell's recommendation but would have preferred more local architects to have participated in the process. Dell said that we advertise each year for engineers and architects and do not receive much of a response locally.

There will also need to be a proposal for the site work, which is typically done by an engineer. Commissioner Roden said that it could be put in the architect's scope of work once we make a selection for him to manage that portion of the project. Dell said that the architect could then use his own engineer or work with one we have worked with. The engineer would do the survey, storm water drainage, parking lot paving, lighting or anything that is not the building.

After further discussion, based on Dell's recommendations, it was moved by Commissioner Huff, seconded by Commissioner Decius, to authorize the selection of Page & Beard Architects and to authorize Dell to negotiate a proposal that will be presented at the April 20, 2016 Board meeting. Motion carried.

- *Aloha Drive and Palm Drive Water Main Replacement* – Bids for this project were opened on March 15, 2016. We received four bids as presented in the Manager Report. The low bid was from Brookhart Excavation for \$105,302.01 including tax.

After a brief discussion, it was moved by Commissioner Huff, seconded by Commissioner Decius, to approve the low bid, including tax, in the amount of \$105,302.01 and authorize a notice of award to be issued to Brookhart Excavation. Motion carried.

- *North Lexington PUD LLC* – As presented in the Manager Report, Dell requested the Board execute the water and sewer service agreements for this proposed development. He also requested authorization to execute the proposal from Gibbs & Olson to evaluate the development's sewer system capacity at a budget of \$6,000, which the developer will reimburse the District for per the prior agreements.

It was moved by Commissioner Huff, seconded by Commissioner Decius, to execute the water service agreement and sewer service agreement with North Lexington PUD LLC. Motion carried.

It was moved by Commissioner Huff, seconded by Commissioner Decius, to authorize Dell to execute the proposal from Gibbs & Olson to evaluate the sewer system capacity for the proposed development by the North Lexington PUD LLC. Motion carried.

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Item 2) Easement Machine Purchase – As outlined in the Manager Report, a review was performed of the different available easement machine manufacturers, options, costs and users of the machines. Our field crew made a site visit to Oregon to see the machine and do a test run. The District looked at the cost of this machine compared to constructing our own. It was recommended that we use our transportation budget of \$50,000 for the purchase of an already assembled machine. Commissioner Roden also recommended looking into purchasing a winch and trailer that could be used with this machine.

After further discussion, it was moved by Commissioner Huff, seconded by Commissioner Decius, to authorize the purchase of the KWMI Easement Machine at the lowest quoted price of \$37,866 from General Equipment Company in Portland, OR. After additional discussion and comments, motion carried.

Item 3) Foreclosure Policy – After attending a utility billing webinar, Dell and Vicki reviewed our current Foreclosure Policy and RCW 4.16.040 regarding actions limited to six years. This RCW prompted concerns that our policy did not adequately address the six-year statute of limitations on the collections of accounts receivable in our Foreclosure Policy. Upon further follow up with MRSC, the legal consultant stated that *“Yes, the six-year statute of limitations for accounts receivable in RCW 4.16.040(2) means that the district can collect only those charges up to six years old and not beyond. So, the District may want to consider beginning foreclosure proceedings based on the amount of time the account has been delinquent rather than on the amount of the delinquency – or have a “whichever is sooner” scenario; e.g., when the delinquent charges reach \$X or the delinquency is X years (or months) old, whichever occurs sooner.”* Based on this information Dell created Resolution No. 484 for the Board’s approval. If this resolution is passed, there are three properties that we will need to start foreclosure on. Commissioner Huff said the language does not address commercial property directly. Therefore, for commercial property the policy of *“Once utility charges and lien balances exceed four years,”* would apply. In taking the premise that it is applied fairly and equally, and you hold a single-family residence to \$4,000, it is possible that a commercial property could accumulate amounts in excess of that in four years. Dell said we could change it to say *“\$4,000 for a single family residence or commercial”*. Commissioner Huff recommended changing it to read *“Once utility charges and lien balance exceed four years, \$4,000 for a single family residence or \$6,000 for a duplex or commercial, whichever comes first,”*. Dell agreed that adding commercial property in this update would certainly cover all our bases. Commissioner Roden recommended we have our legal counsel review the Resolution. Dell agreed with his recommendation. A revised resolution will be presented for further discussion at the April 20, 2016 meeting.

Item 4) Water Operating Board – Dell brought it to the Board’s attention that the City of Longview appointed City Council members Steve Moon and Chet Makinster to the Water Operating Board as the City of Longview representatives. The Board agreed by consensus at the January 2016 Board meeting, to have Dell be the Water Operating Board’s representative for our District.

Confirmation of Lien Filings - The Board reviewed the monthly lien synopsis. It was moved by Commissioner Huff, seconded by Commissioner Decius, to approve the filing of liens 1623-1627. 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, March 16, 2016, the Board, by unanimous vote, does approve those vouchers in the lists provided and further described as follows: 2016 claims submitted after February 17, 2016 for \$21,442.80; and March 2016 claims to date in the amount of \$145,735.57 and payroll for February and March 2016. The February 2016 Visa statements were provided to the Board electronically prior to the March 2016 meeting.

Other Business – In the Board packet in the financial review section, pie charts and year to date spreadsheets for 2014 and 2015 were presented for the Board's review. Going forward at the January Board meetings, we will continue to provide the annual pie charts for revenues and expenses for a three-year period.

Other Business – Customer Advisory Committee (CAC) update

Commissioners Roden, Decius and Huff attended the March 15, 2016 CAC meeting. Commissioner Huff had a list of questions he would have liked to ask but could not since he was not on the CAC. Commissioner Roden recommended he provide everyone with those questions prior to the March 24, 2016 Workshop. One of the more important questions Commissioner Roden has is what are the costs associated with the Cowlitz River and the wells. Commissioner Huff agreed that we should be able to have costs associated with Riverside, that we should have a basic idea of treatment, pipeline and wells. The only uncertainty is how many wells we may need. Even though this money is budgeted, we should know what the costs are.

The general polling of the CAC members at this meeting, approximately 12, was yes to moving forward in some fashion with the remainder of the votes being maybe. These yes votes do not necessarily mean moving to Phase II but could mean just drilling at Rocky Point.

The Board discussed how we might poll the District's customers as to their satisfaction with the water. Thus far, the word of mouth feedback has mainly been the silica issue.

Commissioner Roden asked the Board members if they were in favor of an exploratory well at Rocky Point and would we entertain Phase II at Rocky Point or Riverside. The costs are estimated at \$50,000 and up to \$550,000 respectively. Commissioner Huff was in favor of the exploratory well and maybe Phase II at Rocky Point or Riverside because he likes the idea of having the data, even though Phase II may not provide all the data needed. Commissioner Decius would also like to have the data but has concerns about the costs associated with gathering that data. She also feels that our ratepayer issues are different from the City of Longview, which we should consider in the decision process. From the last survey taken, our customers would not support much, if any, increase in their bill. Commissioner Roden asked how much money we are willing to spend on a recommendation that the silica levels are going to drop if we get a larger draw. The information received at the CAC meeting appeared speculative and he is not willing to spend the ratepayer's money on speculation. Commissioner Roden said for him to go to Phase II he would have to hear what the total costs would be or given a better estimate. Commissioner Huff was in agreement with him on that. He felt you could make certain assumptions about Riverside to get to those costs

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because we know the distance, we know it is going to be under the influence of surface water so we know that treatment is going to be higher and that we are going to have iron and manganese, which are all the major cost drivers.

Commissioner Huff said that the third rail is to do nothing about silica, which does not have a cost associated with it. We just deal with the odor or actual water quality issues. Commissioner Decius said there is still a cost associated with the odor and water quality for bench testing and the dissolved oxygen issues.

Commissioner Roden asked Dell if the CAC facilitator's costs for the extra meetings were included in the original contract. Dell said he would check to see if they were or if the agreement was amended for additional meeting costs.

It was the consensus of the Board that after the March 24, 2016 joint City Council and BHWSO Commissioner Workshop, to schedule the next joint meeting after the District's regularly scheduled Board meeting on April 20, 2016.

The next joint City Council and BHWSO Commissioner Workshop is scheduled for March 24, 2016 at 7:30 p.m.

The next Board meeting will be a regular meeting and scheduled for Wednesday, April 20, 2016 at 5:15 p.m. There being no further business, the Board adjourned at 7:45 p.m.

Monte J. Roden, President

Bonnie L. Decius, Secretary

Keath B. Huff, Commissioner