

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, April 20, 2016**

Commissioner Roden called the meeting to order at 5:13 pm on Wednesday, April 20, 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
Alan Engstrom, Legal Counsel

Audience: Sharon Laulainen, Amy Blain, Jeff Cameron, Don Jensen, Steve Moon and Michael Wilson

It was moved by Commissioner Huff and seconded by Commissioner Decius to approve the minutes of the March 16, 2016 meeting. Motion carried.

It was moved by Commissioner Huff and seconded by Commissioner Decius to approve the minutes of the March 24, 2016 City of Longview Council and the District's joint special meeting. Motion Carried.

Commissioner Roden welcomed the audience to the meeting. He acknowledged Sharon Laulainen and she said she was attending the meeting to observe only.

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) Longview Water Quality – Dell moved on to the first order of business relating to the March 24, 2016 joint meeting with the City of Longview Council (City) and the District's Board of Commissioner and the results of the collector well investigation that was presented and discussed at that meeting and in the minutes. The City Council had voted four to two to proceed with the Phase I drilling of another collector well at Rocky Point by the Cowlitz River at the cost of \$73,500. The District's Board refrained from voting at this meeting and has included this as part of the discussion tonight. After the joint meeting, the District asked its customers who came in to the office to complete a brief questionnaire asking if they were willing to pay a certain dollar amount or not at all for reducing the silica level in the water. Three percent of our water customers took the survey resulting in 34% willing to pay some amount and 66% not wanting to or could not afford to pay more than what they are currently paying in order to reduce silica.

Dell introduced and opened the meeting up to Amy Blain and Jeff Cameron from the City. He also handed out copies of an email from Amy Blain with a summary of ERU projections from the City of Longview and the District's water system plan. Amy commented that when CH2M Hill calculated the rate impact they did not take into consideration the ownership shares. Instead, they took the total cost and divided it by the total combined ERU's of the City and District. Those calculations were re-done using the ownership shares, which in turn reduced the District's costs within the different options. Commissioner Huff asked if the additional investigation that was approved by the City could be covered by what is currently allotted for the testing. Jeff said

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yes, it would cover up to the first drilling and then additional costs would kick in. Commissioner Huff's other concern is the black slime build up on the fixtures that people are experiencing. Amy has talked to Jeff Coleman who has some lab results on this but she has not seen them yet. He did indicate that it is predominately manganese. Amy also spoke with their resident expert at Confluence Engineering about all of our water treatment issues and they believe the dissolved oxygen will help with the manganese issue. There is an expectation that it will help in the distribution system in terms of stabilizing the scales and that would then be seen in the homes in terms of the bio-film not tending to slough off as much. Jeff Coleman indicated to Amy that he has seen it more in the hot water than the cold. Commissioner Huff stated that in some cold-water applications the filters are coated with this black slime as well. They are finding it on their faucets, toilets, dishwashers and washing machines and he would like to see this addressed as well. Jeff Cameron said the black slime is going to be related to a high oxidation-reduction potential to keep the manganese on the pipe walls. The City is currently installing post chlorination to trim and control a better chlorine residual coming out of the plant. If dissolved oxygen injections were done at the plant as a treatment process rather than trying these home trials that should help the oxidation-reduction potential. It could also raise the pH but we would not want to do that too much because that could cause some corrosion problems. Amy said the manganese is removed by the treatment process. When the water leaves the treatment plant, the manganese is close to being undetectable. The black slime the customers are seeing is not a function of the water leaving the plant it is a function of the distribution system and private plumbing. This has occurred over years of legacy accumulation.

There was a brief discussion regarding the duration of the pump tests at the test wells and expected results. A 30-day pump test would be preferred, which would at least show some trends.

With no further discussion, Commissioner Huff made a motion to authorize Phase I test drilling and short duration pump test at Rocky Point, seconded by Commissioner Decius. Motion carried.

Commissioner Roden thanked Sharon Laulainen, Amy Blain, Jeff Cameron, Don Jensen and Steve Moon for attending the meeting and they left.

Item 2) Additional Dwelling Units (ADU's) - Dell introduced Michael Wilson who is the Building Official from Cowlitz County Department of Building and Planning. Dell invited Michael to attend the meeting to help facilitate the discussion on Accessory Dwelling Units (ADUs) and answer any questions the Board may have. The District has a customer in the Lone Oak area that wants to convert a garage into an ADU. The District does not have a policy on ADUs and would like the Board's guidance in putting one in place. The definition and County Code for an ADU is included in the Board packet. Due to the infrequency of ADU requests, the District has dealt with them as they came up. There are differences in City versus County code in what is allowed. Dell said that the majority of our customers are within the County with about 100 in the City. Mr. Wilson said that the County would not request a letter of verification unless it is discovered that the principle building is not lawfully established to begin with. If the principle building is lawfully established the services provided to the principle dwelling may serve the ADU. A separate connection is not required by the County. Upon receipt of an application where water and sewer connections are required and there is no record of the connections being provided, the permit technician will request it of the applicant and in turn, they

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will come to the District to ask for a letter of availability. This policy results in very few ADUs requiring letters of availability from the District. Commissioner Roden said depending on where the applicant resides, the applicant should follow either the County or the City's established ADU code. The Board unanimously agreed with Commissioner Roden. At a future Board meeting, Dell will present to the Board for review a resolution establishing the District's ADU policy using the County and City Code requirements as guidelines.

The Board thanked Mr. Wilson for attending the meeting and he left.

Item 3) Hillside Pump Station

- New District Office – Dell included in the Board packet the proposal from Page & Beard Architects. In summary, phase one is programming needs and assessment, phase two is site analysis and phase three is the schematic design. The remaining phases of the project will be determined based on the geotechnical evaluation, critical areas and permitting preparation. The property has been surveyed and the topography given to the architect. Dell will also be negotiating a proposal with a local civil engineer for the site work, which he will present at a future Board meeting.

At this time, Dell is recommending the Board authorize him to approve the proposal with page and Beard Architects.

After further discussion, it was moved by Commissioner Huff, seconded by Commissioner Decius, to approve the Page & Beard Architects proposal for Phases One through Three. Motion carried.

- Aloha Drive and Palm Drive Water Main Replacement – This project started on April 11, 2016 and is progressing well.
- Hillside Pump Station – With regards to the Drinking Water State Revolving Fund (DWSRF) loan, the Department of Health (DOH) created a new category for applicants to qualify for loan forgiveness based on debt to service ratios. The District qualified for a 30% loan forgiveness, waived loan fee and a one percent interest rate on our approved 20-year \$850,000 DWSRF loan.

Item 4) Foreclosure Policy – As presented in the Board packet, Dell is recommending the Board approve Resolution No. 484 to modify the General Terms and Conditions of the District's foreclosure policy.

Commissioner Huff made a motion, seconded by Commissioner Decius, to approve Resolution No. 484, to begin foreclosure proceedings once utility charges and lien balances exceed five years or \$4,000 for a single-family residence or commercial property, whichever comes first. Motion carried.

Item 5) Purchasing Policy – At the last Board meeting there was discussion to increase the general managers change order authority. At the WASWD conference, Dell had the opportunity to discuss this topic with other agencies and how they handle change orders and purchasing limits. Dell recommended we revisit this at a future time due to other changes he

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would like to present. For example, our current purchasing policy in terms of getting quotes, under \$2,500 are not required but recommended and then \$2,500 to \$50,000 quotes are required. Dell would like to increase the lower limit from \$2,500 to some other number. The current limit is low for this kind of work and has been in place for many years even though basic project costs have increased a lot. For example, one agency does not require bids below \$7,500. From an operations standpoint and wanting to get things done, the current lower limits slow the process down. The current limits may have been patterned after prevailing wage intent and affidavit forms with low filing limits that haven't changed with the times. Another agency had a matrix that defined the operations, general manager and Board approval limits. Commissioner Roden said he has seen the limits in a flow chart format. Dell will present his ideas and examples at the next Board meeting.

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 1628-1631. 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 20, 2016, the Board, by unanimous vote, does approve those vouchers in the lists provided and further described as follows: 2016 claims submitted after March 16, 2016 for \$63,632.31; and April 2016 claims to date in the amount of \$188,805.34 and payroll for March and April 2016. The March 2016 Visa statements were provided to the Board electronically prior to the April 2016 meeting.

Other Business – WSDOT is planning to repave 12.5 miles of West Side Highway from Longview all the way up to Castle Rock. The project goes out to bid in the spring and the work to start this summer.

Other Business – Each year the Board members are given a packet with detailed program and cost information on the Wellness Program. The Board will no longer need this packet going forward. The program costs are already presented in the monthly claims and credit card statement review.

Other Business – Dell shared with the Board a public records request he received requesting wages and benefits information for the District's employees paid from tax dollars. This request was withdrawn after the requester understood that the District's wages and benefits are not paid using tax dollars. Dell shared the results of this request at the WASWD meeting as well. The speaker and attendees were very appreciative as they were dealing with similar requests.

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Other Business – The State Legislature has increased the fines for violations of the Open Public Meetings Act. The past fine was \$100 and is now \$500 for the first offence and \$1,000 for subsequent offenses.

Other Business – Blair Burroughs is retiring as the executive director of WASWD. What is left in the Public Works Trust Fund (PWTF) is now being protected by the Governor. Senator Bob Hasegawa spoke at the WASWD conference. He would like WASWD to put together a resolution to support a program similar to the Bank of North Dakota. Some of the discussions that followed did not favor this because if this is something the State creates, what would stop them from taking from it again as they did with the PWTF. Therefore, there is some reluctance to go down that path again. The District's would rather see a District supported trust fund. Agencies that have excess revenues could invest in this fund for other Districts to borrow on.

Other Business – Gibbs & Olson performed a sewer capacity evaluation on the North Lexington PUD development of 120 units. Based on the numbers, Louise Street and Lexington pump station are close to capacity on the peak event with the highest events being in January. Gibbs & Olson's summary states, *"Based on this I am going to draft a memo letter report summarizing the evaluation I have done indicating that under wet weather conditions for peak hour flow events, both Louise Street Pump Station and Lexington Pump Station are currently at or near their current firm designed capacity under current peak hour flow conditions and this will be made worse with the addition of the proposed development's flow and that an evaluation of how best to increase pumping capacity for each of these pump stations should be performed"*. A summary memo will be presented to the developer explaining what improvements need to be made at Louise Street and Lexington Pump Stations to increase capacity. Dell anticipates getting another proposal on what those costs would be to have that done and have them reimburse the District for that. The question is how much do we charge North Lexington PUD for this extra capacity and I&I issues, keeping in mind how much money they will be paying in General Facilities Charges (GFC). The GFC's for sewer and water connections for 120 units is \$978,840 with \$234,840 of that going to the sewer treatment facility. Commissioner Roden is of the mind that growth pays for growth especially with a subdivision of this size. The GFC's collected buy into the system. Commissioner Decius feels that if they are bringing in this size of a subdivision for profit we should not have to bear any of those costs to increase capacity. Commissioner Huff feels there is a cost to do business and we should expand that capacity to accommodate the project using the GFC's. He would like to see the development happen because it is good for our community and would like to see the District supportive of this process. It was suggested that we might want to bring the pump station up to a capacity that would serve an additional 500 connections. We could have the development pay for a portion of these costs for the 120 units with the District covering the rest for future connections. The Board was in agreement with that.

Other Business – The District hired Sargent Engineers to do a structural observation of the Beacon Hill Water Tower. The last time it was done was in 2002. In 2006, the PUD recoated the interior of the tank, made some minor weld improvements, replaced the spoke on the inside of the tank, and some other repairs. They did not implement all of the recommendations from the 2002 structural evaluation at that time. Sargent had performed the 2002 evaluation as well. Dell

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presented to the Board pictures of the tower that show areas of corrosion as well as the report from Sargent on their observations and recommended repairs. The majority of these repairs were also recommended in 2002 but to date have not been done. This tank was built in 1927, purchased by the PUD in 1964 and moved from Salem, OR to its current location with a capacity of 70,000 gallons. In 1964, they performed a seismic evaluation and made some upgrades to the structure to meet the current standards at that time. When Dell asked what the cost would be for a seismic evaluation from Sargent, they estimated around \$10,000. They also commented that it was highly unlikely the tank would pass current code.

One of the proposals in our water system plan for a redundant source of supply was to intertie the Beacon Hill zone with the Skyline zone and then feed off the Skyline Reservoir. An existing gas line easement ties the two that we may be able to share. The system would lose the 70,000-gallon capacity in storage but you could eliminate the tower all together. You then have the redundancy of Hillside and Beacon Hill both pumping to the same reservoir. In terms of meeting demands, you would have two pump stations pumping to the reservoir instead of one. Another plan would be to pump from Lone Oak up to Cedar Gates as a back feed to that. If we can put a separate feed line from the Grandview Pump Station to Cedar Gates and put in a pressure pump off the tank, we could pressurize that zone, pull down the Cedar Gates Reservoir water level down to a much lower level, and utilize some of the dead storage. The benefits would be to reduce trihalomethanes and haloacetic acids, which are disinfection by-products from using chlorine disinfection in the distribution system. As you turn over the tank, you get aeration going on and it reduces those by-products. There has also been discussion about putting in a mixer until we can do something else. By putting in a pump, it could remove the moratorium to allow additional development, utilize more of the reservoir storage and reduce disinfection by-products. There is also a place where we can intertie the Grandview zone into the Skyline zone and then you could use that additional capacity from Cedar Gates to feed back into the Skyline and then Beacon Hill zones. All of our zones would then be fully intertied and feeding and back feeding water supply.

After further discussion of the options, the Board unanimously agreed at this time to work on the 2002 and current repair recommendations to the tower without the seismic evaluation.

Other Business – The District currently uses several backup systems that back up our key data nightly: 1. Full server and SQL backup on USB SoloPro drive, 2. Full server to tape drive, 3. ioSafe NAS unit for workstation backups, 4. SQL backups streamed to offsite IT storage. The daily backup tape is stored offsite. Recently our onsite USB SoloPro drive burnt out. It was estimated that a replacement drive will cost around \$900 or we could consider using cloud storage. In the case of a catastrophic event, we would be able to have our system back up and running within a couple of weeks with our current backup system or within a couple of hours if we used cloud storage. The cost of the cloud storage is \$4,000 to \$5,000 to set it up and then \$400 a month or \$4,800 a year for cloud storage. Commissioner Huff suggested we define what is a reasonable amount of time that we could be without our data; identify where the core data resides, how long it would take to bring it back up and what we are willing to risk versus full redundancy. He also asked if we were doing test restores from the backup tapes to make sure the backups were working properly. He also mentioned that there are other cloud backups available

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that are not so cost prohibited. It is all based on the amount of data being backed up and the restoration method. Dell will continue to research these options.

The next Board meeting will be a regular meeting and scheduled for Wednesday, May 18, 2016 at 5:15 p.m. There being no further business, the Board adjourned at 8:17 p.m.

Monte J. Roden, President

Bonnie L. Decius, Secretary

Keath B. Huff, Commissioner