

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, April 12, 2013**

President Branch called the special meeting to order at 4:10 pm on Friday, April 12, 2013 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Ted Branch and Monte Roden
Kim Adamson, General Manager
Alan Engstrom, Legal Counsel
Debbie Vela, Finance Administrator
Vicki Kruse, Office Staff

It was moved by Monte Roden, seconded by Dean Takko, to approve the minutes of the March 22, 2013 meeting as drafted. Motion carried.

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 – Board Report. The Board report, previously reported to be bound at a later date, was bound prior to the meeting.

Item 2 – PUD Interlocal Agreement. Kim updated the Board that she met with PUD staff to establish the John Street Interlocal Agreement. It is presented tonight for approval and PUD staff will present it at their meeting for approval by the PUD Board of Commissioners.

Item 3 – New Facility. Kim advised the Board that she and Ted attended the Cowlitz 2 Board meeting to discuss a joint facility. Kim met with Rich Gushman of Gibbs and Olson who is preparing a construction and design estimate for Cowlitz 2. Cowlitz 2 has completed their needs assessment and plan to fund the project in phases. There was discussion of a joint facility, which would consist of an interim building for them, a joint community meeting area in the middle and District office on the end. A community meeting area could open up grant funds not currently available to the District or Cowlitz 2. Cowlitz County has offered to sell an area of land adjacent to their current location to the entrance of Riverside Park, which would afford room for both agencies to share a facility. Cowlitz 2 has expressed an interest in going to Silverdale to see their joint facility and meet with staff. Kim estimates our cost of a shared facility at \$2.5 million for site work, construction, and land purchase.

Kim and Alan met with Chris Roewe regarding the existing facility to see if it was possible to lease a smaller space and found that it was not available. Chris said the seller expressed interested in taking the District's current facility as a down payment. Chris estimated the assessed value for our facility at \$235,000.00 and the new facility assessed value at \$1.1 million.

The estimated cost for a stand-alone facility specifically suited to the District's needs is estimated at approximately \$3.5 million that would include the property, design, and

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, April 12, 2013**

construction. The estimates for both a shared facility and a new District facility are not based on a needs assessment or architects estimate so they are educated guesses based on similar sized facilities.

Ted suggested a possibility of building a joint structure to use for operations and keep the current office as administrative. Monte said that he sees the value in a community meeting area but his first responsibility is to the ratepayers. Kim said the majority of the customers who pay in person are senior citizens and it can be dangerous to enter our current facility. There are multiple car accidents and near misses each year with customers attempting to turn into the driveway. Monte stated that he did not want to rush a decision. Discussion continued with possible options to store materials at the former Longview Regional Water Plant or at a rental storage facility. Monte requested to see the financial impact that each of these options would have on the Cost of Service Analysis report. Kim will provide the information at next month's meeting in \$500,000.00 increments.

Item 4 – General Manager Job Description. Kim presented the Board with a succession plan.

Item 5 – Consumer Confidence Report. Kim stated that Consumer Confidence Reports are completed and will be posted to the website. The reports are included in the Board packet as an informational item.

Action Items:

Item 1 – PUD Interlocal Agreement. It was moved by Monte Roden, seconded by Ted Branch to approve Resolution 453 for joint bidding with Cowlitz PUD of the John Street Water Main project. Motion carried.

Item 2 – New Facility. Kim will email the address of the Silverdale facility to the Board, provide information from the Gibbs and Olson construction, and design estimate at the next meeting. Monte suggested that Kim also look at the former Filter Plant location for offsite storage.

Item 3 – Customer Request. Kim provided a letter submitted from customer Steve Arter requesting vacancy retroactive to June 2012. Mr. Arter stated that he was not aware of the vacancy program. Kim stated that Mr. Arter would not have qualified for vacancy at that time because his account was in arrears. Monte suggested backdating the vacancy for the customer to August 2012, if the customer were to bring the account current and pay the costs associated with the lien. Alan stated that once the bank takes ownership, they might make the same request. Monte said that it was his intention to make this consideration for the ratepayer only. Alan suggested that this decision be reflected as a policy with clarification between existing ratepayers

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, April 12, 2013**

and financial institutions. After discussion, the Board approved the request and asked staff to send a letter.

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 12, 2013, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: March claims in the amount of \$82,691.77; and April invoices in the amount of \$138,276.50, payroll for March. The March Visa statements were not available at the time of the meeting and once received will be delivered electronically.

Confirmation of Lien Filings. The Board reviewed the monthly lien synopsis. It was moved by Monte Roden, seconded by Ted Branch, to approve the filing of liens 1497 through 1499. Motion carried.

Other Business. Kim advised the Board that the 2010-2011 audit has been completed. Kim expressed dissatisfaction with the process of the audit and audit staff. Kim stated that she has requested hours spent on an issue dealing with how the District's ownership in the Regional Water Treatment Plant is categorized explaining that the Auditor said it was not accurately reported but did not offer clarification on how it should be reported. The District took the matter to the Governmental Accounting Standards Board who sided with the District on how the Treatment Plant was reported. The exit interview should be scheduled the end of April, beginning of May.

Kim stated that several agencies in Southwest Washington have moved away from using the State Auditor for audit of their financial statements but rather use a Certified Public Accountant to audit. The State Auditor is required to audit the Accountability portion. Kim praised Debbie for her hard work in getting the Financial Statement completed and her work with the State Auditor.

Kim notified the Board that staff had to contact law enforcement after a customer, who was upset that his water was locked off, threatened staff. A Sheriff's Deputy talked with staff and met with the customer who agreed to be civil so that staff could unlock his water after payment was received. This was the first month that door hangers were not delivered.

Alan said that Cowlitz County is in the process of reviewing its Comprehensive Plan and asked if the District wanted to put in a pitch for the Lexington Bridge crossing. Monte said that he would be interested and the Ostrander lagoons should be routed into our system. Kim said that Cowlitz County Commissioners recently approved design of a \$10 million pipeline to the Three Rivers Regional Wastewater Treatment Plant. Kim was approached about wheeling the leachate through the District's system to the Treatment Plant and discussed with Gibbs and Olson who wrote the District's current Comprehensive Plan. Gibbs and Olson stated that our

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Friday, April 12, 2013**

system could handle the additional flow. Kim told the County that the District's system could handle the additional flow but it would require General Facilities Charge based on ERU's and a wheeling agreement.

There being no further business, the Board adjourned at 5:53 p.m. The next meeting was scheduled for May 17, 2013 at 4:00 p.m.

Ted A. Branch, President

Dean A. Takko, Secretary

Monte J. Roden, Commissioner