

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, October 16, 2013**

President Branch called the meeting to order at 4:10 pm on Wednesday, October 16, 2013 at the District office at 1121 West Side Highway in Kelso, Washington. Those in attendance were:

Commissioners Dean Takko and Monte Roden
Dell Hillger, General Manager
Debbie, Finance Administrator
Vicki, Office Staff

Audience: Antoinette Jacobsen
Doug Jacobsen
Guadalupe Perez

The Board welcomed Ms. Jacobsen to the meeting. Mr. Jacobsen explained that she was sick last year and moved out of her house. Mr. Jacobsen stated that she contacted the District to shut her water off and she continued to receive billing statements. Monte asked Ms. Jacobsen when she contacted District and Ms. Jacobsen was unable to recall. Dell summarized the historical contacts the District has had with Ms. Jacobsen. Monte inquired about the payments received in 2013. Ms. Jacobsen initially stated that she did not know who made the payments and later retracted stating that she must have made the payments in January, March, and May 2013. Dean asked if Mr. Jacobsen is handling Ms. Jacobsen's finances and Mr. Jacobsen replied that she is handling her own finances. Mr. Jacobsen stated that Ms. Jacobsen shut her garbage off and thought she shut off her water/sewer utilities as well. Monte suggested, given the extenuating circumstances, Ms. Jacobsen's account be set to vacancy and retroactive to May 2013 as well as adjusting the final notice fee and penalty. An adjustment will be processed and revised statement will be sent to Ms. Jacobsen. Mr. and Ms. Jacobsen thanked the Board for their time and left.

The Board welcomed Ms. Perez to the meeting. Ms. Perez explained that she just purchased a second house in the District and received her first bill with notable differences. Ms. Perez explained that she was charged \$152.00 for 5 days of water usage at the new house. Average daily usage was explained by staff and Ms. Perez was unclear on the explanation. Dell explained to Ms. Perez and the Board that Ms. Perez's concerns are the perfect example of issues with the current rate structure scheduled to be discussed later in the meeting. Dell reviewed the average daily usage calculation to Ms. Perez and the Board. Dell recommended that the District move to a daily pro-rated amount for the water base rate and consumption. Dell explained that staff has received multiple complaints about the current rate structure and ultimately wants to make it easy for the customers to receive. Monte explained that the current rate structure is not realistic and understands the concerns of staff and customers. Dell and the Board discussed at length and asked Ms. Perez if Dell could contact her later in the week. Ms. Perez thanked the Board for their time and left.

It was moved by Dean Takko, seconded by Monte Roden, to approve the minutes of the September 16, 2013 meeting as drafted. Motion carried.

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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 Water Shut Off at 3403 Columbia Heights Road. As an informational item, the wife of the customer came in to pay on the account and the lien was removed.

Item 2 – Water Quality Complaints. Dell met with the City of Longview on September 30 and October 3 to discuss water quality concerns. The City of Longview, for the time being, has stopped their flushing program while water samples are taken. It is the understanding of City Staff that the alum and other treatment chemicals used at the former Water Treatment Plant on Fishers Lane have caused build-up in the lines over time. The water chemistry coming from the new source at the Mint Farm Regional Water Treatment Plant is causing the softening of the tuberculation and coupled with reversing the flow is causing the tubercle scale to be redistributed throughout the system. The District is not having the issues with the tuberculation that the City is and most notably is having issues with the hardness level. The City is considering options of phosphate treatment and water softening. Initial costs for a phosphate treatment system are estimated at a cost of \$300,000.00 and \$500,000.00 per year in treatment chemicals.

Item 3 – TRRWA Summary. Dell stated the TRRWA Board already has issues with capacity and the leachate line is a small part of that. The TRRWA Board approved connection of the leachate line and the County is expected to pay the anticipated SDC's to the TRRWA.

Item 4 – District Boundary. Dell spoke with Ray Johnson from Cowlitz PUD and Janet Snedecor of Kennedy-Jenks to discuss the boundary line formation. Dell explained that Cowlitz PUD did not have to define their area for voting blocks of the water system because the water systems were a small subset of the PUD's customers that already had a vote as electrical customers for the PUD. The PUD made some rough boundaries for their water system with consideration to future service areas, not necessarily voting areas. The rough drawing, which was in the 1999 Water System Plan created by HDR Engineering, has been carried forward through subsequent water system plans. As discussed at last month's meeting, the Election Board requires a legal meets and bounds description. Monte asked if the boundary needed to be contiguous for voting purposes and Dell replied that it did. By consensus, the Board agreed to define a contiguous service area.

Action Items:

Item 1 – FEMA Hazard Mitigation Plan. FEMA approved the District's Hazard Mitigation plan pending adopted resolution. It was moved by Dean Takko, seconded by Monte Roden to approve Resolution 456 adopting the Hazard Mitigation Plan Update. Motion carried.

Item 2 – Purchasing Policy. Dell explained that the former General Manager had initiated the practice of tipping at a rate greater than the approved 15% in the Purchase

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Policy. The identified excess tipping reimbursement totals \$3.95 for 2013 and noted as discussed with Teresa Johnson, CPA. Dell inquired if the Board was interested in formally adopting a rate beyond 15% and Monte stated that the 15% should remain in place and if an employee tips beyond that amount, they will need to do so out of pocket.

Item 3 – General Terms and Conditions – Rates and Fees. Dell expanded on the discussion earlier during audience participation. Monte stated that he has no recollection of this rate structure being presented to the Board and expressed concerns that the current rate structure is not good business. Dell stated that it took 17 months to get the programming as the former manager intended. Dell further stated that the current rate structure does not correspond with the current terms. Dean concurred that the current rate structure needs to be modified. The Board and staff discussed modifying the rate structure at length. Vicki explained that the majority of agencies, including Cowlitz County, charge a base rate to cover administrative costs and water consumption is charged for what is used. Monte asked what impact that change would have on the net revenue. Dell will review Cost of Service Analysis and bring back suggestions at the next meeting. The Board would like any future issues like this brought to the Board for review. It was moved by Dean Takko, seconded by Monte Roden to pro-rate the water base rate and water consumption for Ms. Perez's bill. Motion carried.

Dell stated that the current delinquent policy states that a penalty of \$10.00 is assessed when the bill is 10 business days past due and is added when the account is 30 days delinquent. While the penalty is automatically assessed by the system, Vicki has to process final notice fees adjustments manually when the account is 60 days delinquent. Past practice has had staff assessing the penalty at the same time as the final notice fee. Dell posed the options of combining the penalty and final notice fee into one penalty or keeping them separate. Staff has talked with the software company and believes that the software can add the final notice fee as a separate penalty to eliminate the need for manual adjustments. Dell stated that he thinks the \$10.00 fee is intended to be on the friendly reminder and might avoid some final notice fees. Monte agreed that the \$10.00 penalty is to remind customers of account delinquency. The final notice fee is to recoup the District's costs associated with the final notice.

By consensus, the Board agreed to assess the penalty as stated in the General Terms and Conditions as well as keep the final notice fee as a separate assessment.

Dell met with the Billing Clerk and Office Assistant and after much discussion, proposes to transition from bi-monthly billing to monthly billing. Dell discussed the pros and cons with the Board and the cost difference equates to \$2.65 per customer per year. By consensus, the Board agreed but requested additional information on implementing the change. Monte explained that changes will not occur next month and may be up to a year to complete but agrees that changes need to be made. Dell explained that he is reviewing oversize meter charges and will present requested changes at the next meeting.

Dell explained that the District had intended to implement the WebCheck program but due to the complexity of the District's current rate structure, have been unable to occur. Future

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changes to the District's billing procedures would remedy the issues and the District can move forward with utilizing WebCheck.

Dell stated that a common confusion customers have is with the sewer rates, which are billed bi-monthly in full calendar months while the water is billed read date to read date and happens mid-month. Dell is proposing to move to a pro-rated daily rate, similar to what is being proposed for the water base rate and consumption.

Dell suggested rolling the \$5.00 service fees for both water and sewer into the base rate that has been another source of customer confusion. Accounts on a reduced rate for vacancy would continue to receive the \$5.00 per month water and \$5.00 per month sewer charge for vacancy.

Other Business. Dell informed the Board that InHance had a SQL error last week. It was discovered that Harris (which services InHance) and Global Network Support does not have a SQL programmer. Dell contacted the City of Longview who has a SQL programmer on staff and they worked with Global to resolve the issue. Dell would like to enter into an Interlocal Agreement with the City of Longview on an as needed basis. By consensus, the Board authorized Dell to sign the Interlocal agreement.

Confirmation of Lien Filings. The Board reviewed the monthly lien synopsis. It was moved by Dean Takko, seconded by Monte Roden, to approve the filing of liens 1515 through 1522. 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, October 16, 2013, the Board, by unanimous vote, does approve those vouchers in the above lists and further described as follows: September claims in the amount of \$122,679.86; and October invoices in the amount of \$206,133.52, payroll for September. The September Visa statements were not available as of the date of the meeting and will be provided to the Board electronically once received.

The next meeting was scheduled for Wednesday, November 20, 2013 at 4:00 p.m. The Board moved to Executive Session at 6:45 p.m. to discuss the Yelton, Niblett, and Kelsey Pump Stations Upgrade project as well as personnel benefits. The Board resumed the regular meeting at 6:58 p.m. and took action authorizing a cellular telephone stipend of \$100.00 per month to the General Manager. There being no further business, the Board adjourned at 7:00 p.m.

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Ted A. Branch, President

Dean A. Takko, Secretary

Monte J. Roden, Commissioner