

**Beacon Hill Water and Sewer District
Commissioners' Meeting Minutes
Wednesday, October 12, 2016**

Commissioner Roden called the meeting to order at 5:15 p.m. on Wednesday, October 12, 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
Audience: Galen Page and Ian Story with Page and Beard Architects, PS

It was moved by Commissioner Huff and seconded by Commissioner Decius to approve the minutes of the September 21, 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:

- a. **New District Office** - The Board welcomed Mr. Page and Mr. Story from Page & Beard Architects, PS to the meeting. Mr. Page and Mr. Story met with Mr. Gower at Gibbs & Olson today to discuss the project to date. Gibbs & Olson is currently working on the permit for storm drainage on the building site. The plan is to tie it into the existing storm system. They will meet with the County and verify they are on the right track as far as the concept for storm drainage before going in for the planning review application, which is the next step in the process. It is a two to three week process to get the package ready for the planning review. The overall plan is to get through the permit process by mid-January 2017, have the building permit by mid-February 2017 and a package ready to go out to bid sometime in March. Mr. Page will put a schedule together outlining the process and timeframe in more detail. Mr. Page also mentioned that we should be getting the critical area study completed within the week. The retaining wall will remain where it is but rebuilt, making sure it drains properly against the slope. The building design is going well with a schematic completed of the outside. The geotechnical report indicated that there is about two to four feet of fill on the site that they recommend removing, especially for any kind of load bearing for the building and parking. Mr. Page suggested eliminating the curb in the parking area and building it on grade. The Board was in agreement with that. Mr. Page wanted to emphasize low maintenance and long lasting sustainable material choices. The Board discussed various options keeping costs in mind. They also expressed their satisfaction with the building, parking and grounds design as presented to date. Commissioner Huff mentioned an earlier request to include a cover over the stairway coming from the lower level up to the administrative building. Mr. Page reviewed the schematics and felt that they could accommodate this in the existing design with minimal changes. Mr. Page is currently working on a

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schematic budget, which will be a breakdown of costs by foundation, framing, roofing, windows, etc. On the remaining architectural phases of the project, Mr. Page presented preliminary costs to the Board. He feels that the first three phases will come in under budget and the remaining phases in the project costs are still being evaluated. In order to reduce delays in the project, the Board unanimously agreed to call a special meeting on Wednesday, November 2 at 5:15 p.m. to review and consider for approval Phase IV. The remaining Phases V-VII will then be reviewed and considered for approval at the regular meeting on Wednesday, November 16. The Board thanked Mr. Page and Mr. Story for attending and they left.

Dell asked the Board if they had any preference on how we address the new administrative building, keep it the same as currently addressed or change it to a separate address. After a brief discussion, the Board agreed to keep the same address of 1121 West Side Highway.

- b. Hillside Pump Station** – Working on pump station design. No additional information or discussion by the Board.
- c. Olson Road PRV and Pipe Repair** – The bids came in this afternoon. Dell gave the Board a handout listing the three bids. The low bid was \$95,302 from Brookhart Excavation. Dell gave the Board the breakdown on the costs and after discussion with the Field Foreman decided the bids were within an acceptable range.

After further discussion, Commissioner Huff made a motion to accept the low bid for the Olson Road PRV and Pipe Repair project in the amount of \$95,302 from Brookhart Excavation, seconded by Commissioner Decius. Motion carried.

Item 2) Purchasing Policy Updates – Dell recommended transitioning from maintaining our own rosters to joining the Municipal Research and Services Center (MRSC) Small Works, Consultant and Vendor Roster as presented in the Managers Report. Commissioner Huff asked if the District had any contractors or vendors that were not on the list. Dell said that in his review with Vicki they did not find any. Dell reviewed with the Board the process and cost to apply. If there is a consultant or vendor that is not on the list, they can apply and be on all the lists at no charge or be put on selective list(s) for a \$25 fee, which pays for the administrative costs. Commissioner Huff asked if there was a complaint process with MRSC. Dell did not know.

After a brief discussion, Commissioner Huff made a motion to adopt Resolution Number 489 to modify the District's purchasing policy to authorize Dell to execute a contract with MRSC to subscribe to their Small Works, Consultant and Vendor Roster, seconded by Commissioner Decius. Motion carried.

Item 3) Draft Budget 2017-2018 – Dell presented the first draft of the 2017-2018 budget to the Board and reviewed specific items as noted in the Managers Report. Commissioner Roden

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asked how we planned to pay for the new District administrative office and Dell said that the sewer and water funds would have sufficient levels without looking for outside funding.

Item 4) City of Kelso – Water System – Mike Kardas and Steve Taylor with the City of Kelso met with Dell to discuss some issues and questions they had as follows:

- a. **Williams Finney** does not have any storage. We are pulling water out of the City of Kelso reservoir and pumping it into a pressurized distribution system. There is no Fireflow or storage tank at the end of the line. There was a moratorium on new connections to that system due to the lack of storage and Fireflow. The pump station was designed with putting in a Fireflow pump. Gibbs & Olson evaluated the system capacity and addressed the moratorium issues. If we can get the City of Kelso to dedicate by agreement 15,000 gallons of their storage for that system, then we can allow customers to build on lots larger than one acre. The city of Kelso will look at their storage and see if they can do that. This will help meet one of the requirements we currently have at Williams Finney.

- b. **The Water Wheeling Agreement** goes back to 1978. There are two areas that are like islands within Kelso, Williams Finney and Cowlitz Gardens. The agreement says that if you use a certain number of units to supply Cowlitz Gardens then Longview needs to open up the meter at Fishers Lane Plant and let that same number of units flow through into the Kelso system. They have not wanted to do this since 2013 when our water source was switched over to the new plant. In the long term, they would rather be tied into the Longview system because they are dealing with their own issues with the Ranney well system and reliability of supply. In terms of the water wheeling agreement and how we are operating it now, they were asking if we could operate on more of a wholesale agreement and rather than the way the current wheeling agreement works. They have a sample agreement they can provide to us for our legal counsel to look at. Commissioner Roden suggested writing the contract as either/or so they can keep that door open down the road. Dell will work with the City of Kelso on the contract for review at a future Board meeting.

- c. **Cowlitz Gardens** has 36 customers. Five are Kelso customers and 31 are the District's on Cowlitz Gardens Road. Dell provided the Board with a map of the area and a letter addressed to Commissioner Roden regarding the condition of the water main serving Cowlitz Gardens. The Kelso water main crosses under the railroad tracks and they have had a number of breaks on both sides. It is asbestos cement pipe and fairly brittle. They do not know what the material is under the railroad tracks and they do not know if there is a casing under the tracks. If there were a casing, it would simplify replacing what is there. Before there is a break underneath the tracks, we are looking at options to get water to our customers. We could extend the main all the way along the road to the north end of Cowlitz Gardens, which is 2,000 feet or more of water

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main. It would be ideal if it could be repaired underneath the tracks. Because the majority of the customers affected are the Districts, the City of Kelso feels the replacement costs are too high to place solely on Kelso ratepayers. They are introducing this issue to the Board in hopes of generating further conversation toward a fair and equitable resolution. Dell is under the impression they want to split the cost and in addition, move Kelso's five customers over to the District. The line belongs to the City of Kelso and the repair is estimated to cost \$150,000 to \$500,000. The lower end of the cost is if there is a casing underneath the track. If they need to do a casing, BNSF requires 36" minimum, which is a huge bore and a huge cost with no potential growth in this area. If we were to lose our water connection, Dell was wondering about the fire line bridge on the railroad trestle that goes across the river and if we could tie into that. He did not think they were running trains on that rail. What it would cost to improve the line that is coming off it is unknown in order to supply water on an emergency basis. Commissioner Huff was in favor of looking at this option if it was a better option for the District. Commissioner Decius asked if we knew the condition of the City's lines. If we were to take over these five customers, what would the maintenance and repairs look like? The City of Kelso's pipe is AC and the District's is ductile. The meter belongs to the District as well as the main line after the meter that serves our 31 customers. Commissioner Roden would like to find out if the City of Kelso wanted to share the cost of getting emergency water over the train trestle or at least look at those costs. One challenge with that would be getting a long-term easement. Commissioner Roden would also like Dell to see if he can dig out the original agreement and history on how the District ended up serving these 31 customers in this development. Dell will follow up on this request. Commissioner Roden volunteered to make a few phone calls as well. Dell will let the City of Kelso know that we will be doing some research and that we would like to see the results on the investigation they are doing on the casing.

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 September liens 1645-1649. Motion carried.

Financial Report – The Board reviewed the financial report.

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 12, 2016, the Board, by unanimous vote, does approve those vouchers in the lists provided and further described as follows: 2016 claims submitted after

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September 21, 2016 for \$183,126.82 and payroll for October 2016. The September 2016 Visa statements were not provided to the Board electronically prior to the October 2016 meeting.

Other Business – Dell received a call from Three Rivers Regional Wastewater Authority (TRRWA) about their flow meter that went out at the Nevada Drive Pump Station. They have an old component they think they can switch out and get it running again. This pump station is not set up for bypass pumping around the station. There is no bypass valve outside the station after the check valves. In reviewing the plans and discussing it with the field foreman, Dell would like to hot tap a couple of bypass valves outside the station so we have a place we can bypass pump to in a situation where we have to go in and replace a valve, flow meter, etc. It is 2,300 feet down to the next manhole because it is a force main. We are looking into ways to pull off the cover on the check valve and flange on a 90 and a check valve with a bypass so you could actually run one of your pumps in the station to bypass it. It is prudent of the District to have a backup plan. With hot tapping and looking at other options to bypass existing pumps, it will be money well spent. Dell will continue his research and put some costs together for this project to present to the Board at a future meeting.

Other Business – Dell and Debbie gave the Board an update on the District's on going 2014-2015 State Audit. One concern was how the auditors viewed the District's portion of the Regional Water Treatment Plant's debt in terms of reporting. The District will continue this discussion with the auditors and follow up with the Board with the results.

Other Business – The City of Longview presented to the Water Operating Board at their last meeting that each year the City of Longview would end up with a surplus of funds collected for water treatment plant operating costs. During these surplus periods, the District would not be billed for a few months in order to use up the surplus. Longview is currently operating the plant at about 36 cents per CCF and since at least 2008, they have been billing at 46 cents per CCF. After discussing and per resolution, Longview and the District agreed to reduce the rate down to 39 cents per CCF.

On a related subject, the City showed a breakdown of the surplus capital water funds for the regional water treatment plant. During the review, Dell requested from the City of Longview a disposition of the assets for the Fishers Lane Plant. From what Dell understands from piecing the history together is that in 2009, Beacon Hill and Longview fronted about \$3,300,000 to begin the process of the new water treatment plant. At the time, we were applying for a PWTF Loan but did not have it yet so they needed to continue with engineering and design. Once the loan was obtained, the money fronted was set aside in a surplus fund as they did not know if they might still need it for additional costs of the new plant. This surplus has been sitting there ever since. Longview planned to distribute the surplus but the water quality issues came up and they thought they might need some of the surplus to address those issues. Some money has been withdrawn from the surplus for treatment plant studies and other work done. The District's portion of these costs is \$328,494.57. The only assets sold from the Fishers Lane plant were to the Longview Storm Water Utility for filling Lake Sacajawea. The credit to the District for this sale is \$33,628. Dell provided to the Board the River Intake Structure evaluation the City put together. Initially the City wanted to distribute \$2,500,000 of the surplus fund and it was then recommended the

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surplus fund be distributed in its entirety. The Board agreed that the entire surplus fund should be distributed and the District billed for any money owed separately.

Other Business – Copies of the minutes of the October 10, 2016 Water Operating Board (WOB) meeting were provided to the Board. Amy Blain discussed the dissolved oxygen (DO) and silica reduction treatment options. They would like to put the project out to bid in spring of 2017. When CH2MHill was putting the proposal together, they quoted the DO as well as the silica evaluation. Commissioner Huff and Dell discussed at the meeting that the District does not want the decision to move ahead on the DO held up if each participant is hung up on the silica part of the proposal. Dell asked the Board for some direction on the DO. They talked about having a joint meeting on November 3. The City Council will be making their decision on the DO at this meeting. They will also discuss the silica in terms of the proposal for CH2MHill to move ahead with researching the bench testing and the options in order to narrow it down to one they would recommend. The Board agreed that the District did not want silica slowing down the DO project. Dell presented to the Board the preliminary costs on the DO and silica evaluation. The Board would like the DO and silica evaluation projects decoupled. Dell will let the City know that Commissioner Decius and Huff will be attending the November 3 meeting and request they separate the two proposals, one for DO and one for silica evaluation. The Board agrees and is prepared to approve the DO proposal at this meeting.

The next Board meeting will be a special meeting and is scheduled for November 2, 2016 at 5:15 p.m. to discuss approval of the next phase of the architect proposal.

The next joint meeting with the City of Longview Council is scheduled for November 3, 2016 at 8:00 p.m.

The next regularly scheduled Board meeting for November 2016 is scheduled for November 16, 2016 at 5:15 p.m.

There being no further business, the Board adjourned at 8:47 p.m.

Monte J. Roden, President

Bonnie L. Decius, Secretary

Keath B. Huff, Commissioner