

## **MINUTES OF**

### **NORTH BEACH WATER DISTRICT MAY 5, 2008**

#### **Water Commissioners**

Present: Brian Sheldon                      Gwen Brake                      RD Williams

Others Present: Tom Morrow                      Neil Emond                      Ken Carlson  
Brad Weatherby                      Celsa Johnson

The meeting was opened at 6 PM by President Sheldon. A quorum was present.

The minutes of March 27, April 7 and April 25 were presented for approval. It was agreed that the minutes will be signed by all three commissioners. MOTION BY RD WILLIAMS, SECONDED BY BRIAN SHELDON TO APPROVE THE MINUTES OF MARCH 27, APRIL 7 AND APRIL 25. MOTION CARRIED.

President Sheldon invited the public to speak. Tom Morrow felt that it would be prudent to bring the public up to speed with regard to the Water District by writing an article or contacting the newspaper to include information about the new Water District. President Sheldon concurred, but no action was taken.

Another comment from the public was delivered later in the meeting by Neil Emond who suggested that there should be more public notice in regard to the upcoming "Rate Hearings on May 12<sup>th</sup> and 19<sup>th</sup>.

**Budget Status** – President Sheldon advised that "Budget Status" will be a regular Agenda item. At this time, there was nothing to report.

**Reports** – President Sheldon will be meeting with Brad Weatherby and Tom Downer to review action items needed to transfer the Assets and Liabilities of the NBPDA to the District and will continue to report on that progress. He stated that the District needs some legal advice as to how to move the paperwork forward. President Sheldon reviewed each of the items previously recommended by the Water District's Attorney as required to formalize the District and has included these in the meeting agenda. The District Commissioners have adopted several of these items through resolutions and they continue to work through those not yet finalized.

**Resolution #04-2008 – Adopting Official for the District** – Secretary Brake presented the Board with two samples of artwork for a potential seal. RD Williams advised that the rules for the seal have eased considerably and that it

could simply be a rubber stamp with the wording "North Beach Water District; Established 2008." MOTION BY RD WILLIAMS, SECONDED BY BRIAN SHELDON TO TABLE THE RESOLUTION UNTIL THE NEXT MEETING, WHEN WE COULD AGREE ON THE STYLE OF THE SEAL. MOTION CARRIED. President Sheldon said he would like to see a logo in addition to the seal and that he sees these as two different things.

**Resolution #09-2008 – HDR- FINANCIAL ANALYSIS AGREEMENT -**

President Sheldon opened the item for discussion. MOTION BY GWEN BRAKE TO HAVE HDR (HERTA FAIRBANKS) MAKE A PRESENTATION AT OUR NEXT REGULAR MEETING JUNE 2, 2008. MOTION SECONDED BY RD WILLIAMS.

President Sheldon stated he had made a formal request for the valuation study of PWC and OPWC, completed by the NBPDA prior to their purchase. Gwen Brake indicated that she would also like to see the valuation. RD Williams cautioned that the valuation study is a small part of what made up the development of a purchase price for the offer to purchase the two companies. As stand alone documents, they do not tell the whole story and that a review of these documents should be included in our overall due diligence of the NBPDA, which should be completed prior to the District taking control. Herta Fairbanks and the Commissioners should jointly define the scope of work of this due diligence. Brad Weatherby stressed the importance of having an outside independent audit in accepting the transfer of the PDA assets and liabilities. MOTION CARRIED.

**RESOLUTION 11-2008 Appointment of Agent for Claims for Damages –**

President Sheldon suggested we put wording in place to have it take effect when the transfer occurs. He is not asking for a motion; just discussion at this time. The final version will be presented at the next meeting. Commissioner Brake clarified his intent by reading the wording taken from the Public Information Resolution #6 previously approved, "This resolution to take effect as of the date the North Beach Water District formally receives all assets and liabilities from the North Beach Public Development Authority." President Sheldon added that times, dates, and address information would also need to be included.

**RESOLUTION 12-2008 Establishing Service Charges, Connection**

**Charges and Service Regulations** – President Sheldon said that in his mind the document needs more work prior to approval. He indicated revisions to this resolution were sent to the Commissioners on March 13 with no one responding. He expressed an interest in creating a more customer friendly document. Commissioner Brake asked about the development of the resolution. Commissioner Williams responded that he had sent the original ordinance 06-2006 which had been amended for the 2008 budget to the District's Attorney. This resolution would adopt the existing service charges, connection charges and service regulations currently in place. If the rate hearings adopt new rates, this



resolution will have to be amended. President Sheldon suggested that this document has no input from the District Board. He will resend his comments and requests that board members review them. A discussion ensued about adopting the existing document versus amending sections as needed. Commissioner Williams suggested that this document needs to be worked on in a workshop.

**RESOLUTIONS 13-2008 THROUGH RESOLUTION 16-2008 – MOTION BY BRIAN SHELDON TO ASK OUR ATTORNEY TO DRAFT RESOLUTIONS (Resolution 13-2008 Establishment of funds with County Treasurer; Resolution 14-2008 Adoption of NBW Policies and Procedures Handbook; Resolution 15-2008 Issuance of Water Availability Certificates, and Resolution 16-2008 Obtaining Insurance coverage from WGEP) FOR THE ACCEPTANCE OF THESE RESOLUTIONS BY THE WATER DISTRICT BOARD. SECONDED BY GWEN BRAKE.** There was a discussion about the existence of similar documents already in place under the PDA. If we could identify those documents and pull them and reformulate them under the District's Name, President Sheldon said he would withdraw the motion. MOTION CARRIED.

**Action Item to Complete Transfer** – Brian will arrange a meeting with Tom Downer and Brad Weatherby to discuss the transfer. He will list dates of his availability for the next couple weeks and send to Tom and Brad via e-mail to determine their availability.

Gwen Brake stated that she is interested in looking at the agreement with Cashmere Valley Bank, particularly the clauses that allow the assumption of the loan by the Water District. Brad Weatherby said this is part of the reason the District needs to have expert help to put all the pieces together and why it would be incumbent of the District to look to the services of HDR. Brian said that it was his plan to transfer the Water Utility to the District by July 1, 2008 and that if there were still unresolved issues existing at that time they will also be transferred to the District.

**Additional Fire Flow Needs** – Brian Sheldon felt that if we need to meet fire flow requirements, we need to be compensated for the additional costs to the Utility. He stated that he strongly supports good fire flow in the community and in general supports the goals of the NBPDA's 6 year Water System Plan. However, he would like to understand how the increased capacity above and beyond 1062 GPM which is forecast to meet 2008 Utility customer water needs, is affected by the demand to meet fire flow, identified by the PDA's fire flow requirements in the WSP as 4082 GPM. How that increase of 3000 GPM and the necessary improvements to the infrastructure impacts the Utility customers in regard to the proposed rate increase is a concern. He felt that since the increased infrastructure required to meet the fire flow needs, would benefit all

residents in the District, including those on wells. Why should our rate payers foot the bill? It would be more equitable for the Fire District to collect for the additional cost associated with the increased capacity, and pass those funds on to the Water District. Brad Weatherby provided Brian with a copy of the WAC's which indicates that it is the responsibility of the Water Utility to provide fire flow. Brad felt that a cleaner, more efficient, looped system with improved fire flow should be an incentive for those presently not customers of the Utility to then hook up to the Utilities water service. Brian pointed out that the Utility customers had already incurred a rate increase of 75%, and that the new rate study was proposing another 15% increase in 2008 with annual increases to follow for 4 more years. Brad stated that Ocean Park Water Company had not had a rate increase since 1991, and as a result a lot of deferred maintenance exists within the system. The system was for sale, and the former owner simply was not willing to spend the money. Brian felt that if the Fire District could offset the additional costs associated with the fire flow infrastructure, then the rate increase could be reduced for Utility customers. Brad stated the PDA proposed rates are very reasonable compared with other utilities in the area; we are still near the bottom of any survey. Brian would like to see a more equitable distribution of costs. Brad stated that there were roughly ten to fifteen percent of all parcels within the Fire District are connected to the water system which is roughly 3,100 connections. Brian said he would check with the county regarding percentage of residents on the system.

Secretary Brake asked about fire hydrants. Brad stated there are 55 hydrants on the system. The Fire District has offered to match the utility in installations one for one; to paint hydrants and to handle vegetation issues and mark the locations of hydrants. Many non-standard hydrants will need to be replaced before new ones are added. Brian asked if there was any formal agreement regarding this issue and Brad responded that there was not, but they were working on one.


Gwen Brake asked what the Commissioners role would be at the Rate Hearings. RD confirmed that they should be present; but that the NBPDA Board would take testimony for the hearing. President Sheldon indicated he would be present as a concerned citizen.

At 7:35 PM, President Sheldon asked the Board to move into Executive Session for 10 minutes to discuss negotiations for the transfer with the NBPDA. He advised the public that no actions would be taken as a result of the Executive Session. With that, the public was dismissed and thanked for their participation, and they left the meeting.



The Board came out of Executive Session at 7:45 PM. No action was taken as a result of the Executive Session and the meeting was adjourned at 7:46 PM.

Respectfully submitted

  
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Gwen Brake, Secretary

Attest:

  
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Brian Sheldon, President  
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RD Williams, Commissioner