

Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

A Regular Meeting of the Board of Commissioners of North Beach Water District was held at 6:00 p.m., **Monday, June 18, 2012** at the office of North Beach Water District at 25902 Vernon Avenue, Suite D, Ocean Park, Washington.

I. Call to order:

Commissioner Williams called the Regular Meeting of the Board of Commissioners of North Beach Water District to order at 6:00 p.m.

II. Roll call:

Commissioners present:

Gwen Brake
Brian Sheldon
R.D. Williams

Staff present:

William Neal, General Manager
Stephanie Carlson, Office Manager
Heather Reynolds, District's Attorney

Others present:

Vickie Beamguard, Rich Makowski, Keith & Kathy Krueger, Donald Byrd, Curt and Karen Stephens, Tom Morrow, Marla McGrew, Gary McGrew, Ginger Tish, Alan Tremble, Marilyn Sheldon, Kathy Beechey, John Sporsun, Dan Driscoll, Jenny and Don Sheldon, Tami Herman, Bill Herman.

III. Adopt Agenda:

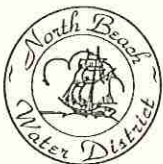
First motion to adopt the agenda: Commissioner Brake moved to adopt the Agenda.

First motion to amend the agenda: Commissioner Sheldon moved to amend the agenda. Asked to add 1. discussion on the Districts credit card policy, 2. discuss creating an security access to District facilities policy, and 3. a District membership to organizations policy.

First second to adopt the Agenda: Commissioner Sheldon seconded the motion to adopt the agenda.

First second to adopt the amended agenda: Motion to adopt the amended agenda fail for lack of a second.

Second motion to amend the agenda: Commissioner Shelton moved to amend the agenda to add a discussion of the District's Credit Card Policy.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Second on the second motion to amend the agenda: Commissioner Brake seconded the motion.

Motion to amend the agenda passed unanimously. Discussion Item to become agenda Item 7. C.

Motion to adopt the amended agenda passed unanimously.

IV. Public comment:

Commissioner Williams welcomed the public and read a public comment policy and introduced the panel.

Tami Herman: Tami spoke with Debbie Phillips. Concerns about the report General Manager Neal submitted to Department of Health about Cross Connection Control was not accurate.

Tia Crisifulli: Concerns about her vacation and sick pay. When was her payment approved by the Board of Commissioners. Her husband is leaving the District for a job with better pay, better benefits, better people to work for. He is leaving because of the treatment of employees by the Board of Commissioners and General Manager Neal.

Jenny Sheldon: Concerned with the actions of two Commissioners after the May 21, 2012 regular meeting ended. They remained after the meeting ended and were observed having a discussion with General Manager Neal and the District's Attorney. Was there a violation of the Open Public Meetings Act?

Ask the Board of Commissioners if Bill Neal had permission to deliver 30 meter box lids from North Beach Water District to Surfside Water District. Commissioner Williams explained that when the order arrived for North Beach Water District the order for Surfside was backordered. Bill Neal called the vender and asked them to credit North Beach Water District for 30 lids and bill Surfside for 30 lids. The 30 lids were then transported to Surfside.

Curt Stephens: How have the past accusation been resolved? What is the next step to resolve the issues.

Commissioner Williams: stated that he believed the Board would get together and formulate a response to the accusations but that has not been done yet.

Curt Stephens: states that an outside entity should be used to investigate the accusations. The accusations have gone beyond the Board into criminal activity.

Tami Herman stated that the Pacific County Sheriff's office has been contacted. There is an investigation being conducted for several weeks.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioner Sheldon: stated that he would be happy to go down the list right now but that he was not going to do that because that was not the position of the Board.

Curt Stephens: states that there should be a legal process to investigate the accusations made at the last meeting. It is a public entity. The public has questions, how is that dealt with?

Commissioner Williams: states there is a document drafted that has not been reviewed by the Board yet. When it has been reviewed and approved by the Board it will be made available to the public. There was a discussion between **Commissioner Williams and Commissioner Sheldon** on whether the issues should be discussed in open session or executive session.

Commissioner Sheldon: states that most of the question are basic questions about how we run the system. Are there customers who are not being billed? the answer is no. Do we have meters out that are not being billed for? There may be some meters out there we do not know about. If we know about the meter it is being billed. Other accusations we cannot discuss personnel issues in open session. It is not allowed. One of the issues was about the water main and valve to connect with Surfside Homeowners Association Water System. The District is unaware of any water main or valve installed for the purpose of intertying with Surfside.

Curt Stephens: I don't see any formal presentation from those people who have made accusations. All these accusations do is damage the District's reputation.

Commissioner Sheldon: No one likes having darts thrown at them. If there are good questions bring them to us. I want the District to be transparent. If anyone has problems bring them to the Board. Please keep them not personal and tied to District's business.

Bonnie Danel: I just asked for an audit to be done at the last meeting.

Commissioner Brake: There has been an audit.

Bonnie Danel: That's not the kind of audit I wanted.

Commissioner Sheldon: Bonnie, I took good notes at the last meeting and I have asked Bill to formulate a response to those questions he is working on a response.

Bonnie Danel: We do not feel it has been done because at the last meeting Gwen said trust us we have done our homework we made good decisions. Ann, whoever Ann is, wrote a letter to the editor last week that said what I wanted to say. I feel I am not going to get any answers.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioner Sheldon: The Board is looking into the comments. It is being looked into in the comments in a way that is in the best interest in the District. I do think Gwen said she is not going to get you the answers.

Commissioner Brake: We are listening to two unhappy former employees who are asking the District to provide information from the freedom of information act so that they can comb through them to find details. The problem is that details have a context so we are listening to details from three different directions. I want to help you by answering your questions.

Bonnie Danel: You should answer the questions from others before my issues.

Bill Neal: Point of Order – the comment period is well beyond 20 minutes allowed.

Commissioner Williams: I am going to close the public comments period. When I opened the public comment we would not address the issues this evening but that we are going to address them. The public deserves to hear a rebuttal to the comments.

Commissioner Brake: We do not want to avoid anyone's issue. We have thirty people hear with questions. We need to time to formulate a response to you.

Commissioner Sheldon: Most of the questions, I believe we cannot take into closed session.

Commissioner Brake: Asked Heather Reynolds are responses from the Board required now.

Heather Reynolds: Normally during public comment the Board just takes information in. Then the Board can decide how to address those questions after they have gotten all of the information.

Commissioner Sheldon: Talked with the MRSC legal department about how much communication Commissioner can have outside of a public meeting. Commissioners can have limited conversation outside of the Public Meeting.

Commissioner Williams: If the Board agrees the response will be in writing and available at the regular meeting in July 2012.

Commissioner Sheldon: Meeting packets will be forwarded to all who are on the request list.

Tami Herman: In response to Commissioner Brake's comments we are not asking for the world. There have been others who have made public document request who have gotten them. They were charged the .15¢ per copy. The fees are not in the District fee



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

schedule. We have tried for months to get the General Manager to get those fees in the fee schedule but he has not done so.

- V. **Budget to Date: Bill Neal reported:** John Powel is working with Stephanie to get a complete budget to date and financials. He will be doing a review not an audit. If he did find anything out of place he would recommend an audit.

VI. **Action items:**

- A. **Commissioner Brake asked:** is Ann Johnson at the meeting.

Commissioner Brake asked Tami Herman if she knew Ann Johnson.

Tami Herman responded: she did not.

Commissioner Brake moved to approve the minutes from the **May 21, 2012 regular meeting Commissioner Sheldon seconded** the motion. **The motion passed unanimously.**

- B. **Commissioner Brake moved** to approve the June 2012 District Expenses for \$202,165.96. **Commissioner Sheldon seconded** the motion. Commissioner Williams asked about the Cashmere Valley Bank Loan payment. The payment shown in the July statement to the Commissioners. **The motion passed unanimously.**

VII. **Discussion Items:**

- A. **Commissioner Sheldon requested** this item be put on the agenda. Commissioner Sheldon wants to see a detailed report of the General Managers activities for Surfside with the same detail as the one he provides for North Beach Water District. The General Manager will provide a report outlining his activities for Surfside per the management agreement.

Commissioner Sheldon asked: are there any plans to expand Surfside Water System to the North?

Bill Neal answered: Surfside's articles of incorporation does not allow them to provide water to properties that are not members of the Surfside Homeowners Association. They cannot provide water to a property unless they join Surfside. Surfside sold Oysterville some water rights a few years ago and there is an agreement between Surfside and Oysterville that allows Surfside to provide the service of certified operators as needed but there is no plan that I am aware of for Surfside to merge with Oysterville Water. Oysterville has a preliminary approval for a Drinking Water State Revolving Fund Loan to improve their infrastructure and add permanent disinfection. By doing this they will remain anonymous for some time.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioner Sheldon stated: We are a small community and we need to help each other out. If we can help one of the other water systems in our community were going to do it. That's what you do in a small town. Last year Oysterville had a problem and needed help and we went up there and helped them out. We need to help keep those folks viable. We can't just let them have problems and not step up to the plate.

Commissioner Sheldon asked Bill Neal: In your working with Surfside are you having any kind of working relationship with Oysterville?

Bill Neal answered: Yes, Surfside provides a certified operator to manage the Oysterville chlorination system. Surfside has a written agreement with Oysterville that has been in place for years. The agreement predates my employment with Surfside or North Beach. North Beach had an agreement to get Oysterville back into compliance after an e-coli incident. The scope of work is complete and the agreement no longer in effect.

Jenny Sheldon asked: Does Surfside have any plans of extending their water system beyond its current boundaries?

Bill Neal answered: None that I know of.

B. Commissioner Williams reported: During the financing of the acquisition of Ocean Park Water and Pacific Water systems. Cashmere Valley Bank provided financing to municipal entities. The terms of the loan provide that every 5 years the interest rate is adjusted per the current market conditions.

Bill Neal continued: Every five years the loan is readjusted to current prime. The first five year review was in 2011. The prime went from 4.42% to 2.61%. The annual loan payment went from \$275,100 to \$242,440. That represents a savings of \$32,660 per year. Due to an oversight on the part of Cashmere Valley Bank the District made a payment of \$137,550. North Beach Water District has a choice to receive a refund of \$32,660 or to apply the \$32,660 toward principal reduction. The annual payment will be \$242,440 until it is reviewed again in 2016.

Commissioner Sheldon moves to ask Cashmere Valley Bank to apply the \$32,660 toward the principal of the loan.

Commissioner Brake seconds the motion.

Discussion:

Commissioner Brake asks: will we need the cash for a down payment on real estate we may be purchasing soon?



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioner Williams responds: We will be freeing up about \$50,000 a year between a loan that is satisfied and reduced payments on the Cashmere Valley Bank loan for the next four years.

The motion passed unanimously.

- C. Commissioner Sheldon stated:** The District has a credit card policy from 2009 that is not being followed. The District considered a change to the policy. The new policy would have allowed a commissioner to hold a credit card. A commissioner is not allowed to hold a credit card according to the current policy. I do not think it is necessary for a commissioner to hold a credit card. I think it is important that the community not have the perception that there is an unbalanced level of influence among commissioners. We are not following our policy, the best thing we could do now is ask commissioner Williams to turn in his credit card and take him off of the account. We can revisit the issue latter but right now we need to follow the current policy.

After discussion it was decided by the Board that Commissioner Williams would surrender his credit card to the General Manager and continue as a administer on the American Express account without purchasing privileges.

VIII. General Manager's report

Bill Neal reviewed: the status of the Drinking Water State Revolving Fund Loans.

The commissioners question Bill Neal on the types of improvements the loans would fund.

Bill Neal reported: Karen Klocke with the Office of Drinking Water and Maya Baldini and Chris Gagnon with the Washington State Department of Commerce's Public Works Board Unit will be at the District Office on Wednesday June 27, 2012 for an orientation meeting.

Bill Neal recommended: Sometime after the approval the loans at the August public hearing the District have a public meeting to present the loan(s) to the rate payers and answer their questions. Karen Klocke with the office of Drinking Water has tentatively agreed to make a presentation at the meeting. Mike Johnson with Gray and Osborne has also agreed to make a presentation.

Bill Neal reported: I am continuing to work on the new employee manual. I am hoping to get comments back from commissioners soon.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioner Sheldon stated: I am not going to support the nepotism policy. There is new information that people who work together and live together can be a good thing.

Bill Neal reported: The District changed its billing cycle in May 2012. Prior to May 2012, the bills were managed in four billing cycles each month. In billing cycle 1, the meters were read between the 1st and the 7th and the bills were due on the 28th. In billing cycle 2, the meters were read between the 8th and the 14th and the bills were due on the 4th of the following month. In billing cycle 3, the meters were read between the 15th and the 21st and the bills were due on the 11th of the following month. In billing cycle 4, the meters were read between the 22nd and the 28th and the bills were due on the 18th of the following month. Starting in May of 2012, all of the meters will be read between the 1st and the 7th. Bills will be sent to the customers on the 15th of the month and the bills will be due on the 15th of the following month. All customers were notified of the change in billing and due dates starting in January of 2012.

In preparation of the change to one billing cycle in May of 2012 the April 2012 billing cycles were adjusted. Cycle 1-3 were billed normally. Cycle 4 was to be billed for the base rate only with the cycle 3 bills. Cycle 4 customers paid their water use for April in their May bill (a total of 38 days use). The cycle 4 customers were not billed the base rate with the cycle 3 customers in April. The result is the cycle 4 customers have paid for all of their water use but were not billed or paid the base rate for the month of April. There are 645 customers in cycle 4. The total base rate revenue shortage for April 2012 is \$24,406.80. Bills for the April base rate along with an explanation is being sent to all cycle 4 customers. Our customer will be given 60 days to pay the April base rate. It is anticipated that the majority of April 2012 cycle 4 base rate revenue will be collected by August 15, 2012.

Bill Neal reported: one of our customers threatened our meter reader and the police were called in to handle the confrontation. There were no arrests. The meter reader declined to press charges.

Commissioner P.ake requested: A report on the meter readers activity each month.

Commissioner Sheldon asked: Are the meter readers finding any meters that are not being read out there?

Bill Neal responded: I asked them to keep their eyes peeled for any unread meters and they are not finding them.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Bonnie Danel asked: Gwen asked you is there anyone not paying and you said no. Did we correct the errors that were mentioned about 20 of the good old boys, which I am not one of them, who have not paid ever were those found?

Bill Neal responded: I will have a full report soon that will address the issue very soon.

Tami Herman stated: She has a list of customers that are not paying.

Commissioner Williams stated: Will you present your list to the Board.

Tami Herman stated: I will as soon as I calm down.

Commissioner Sheldon asked: Can you give us a brief overview of the activates at Surfside?

Bill Neal reported: We have started installing meter setters at Surfside. We installed approximately 60 installed so far. We will install 380 this year. We have been busy with the Surfside Inn. They are getting a new 2" service and have changed the location several times. The J-Well field project is mostly complete. The new pumps are installed and back on line. They are all working on the new 480 volt three phase power that was installed. We have some new meters and transducers to install. There is about 600' of water main left to install for 2012. That will complete the 1 mile goal for each year. The Surfside Board is happy with the progress on all of the projects.

IX. Board Member Comments:

Commissioner Sheldon asked: What is the status of the website?

Bill Neal reported: I met with the programmer at BeachDog.com the web site is mostly complete but it needs to be completed. Stephanie will be taking over the website project from here.

Commissioner Sheldon stated: We have customers who want information available on the website. I would like to see effort to get the more recent meeting minutes and agenda on the website. The more historic information can wait until staff has time.

Commissioner Sheldon asked: Are we doing any blanket late fee forgiveness.

Bill Neal responded: No.

Commissioner Brake asked: What do you plan to do about replacing Jason?



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Bill Neal reported: I have advertised for a level 2 certified operator. If I do not get any response to the advertisement I will promote Nick to the Water Plant Operator and hire an entry level position to replace Nick.

Commissioner Brake asked: What are the crews working on?

Bill Neal reported: Finished sample stations and started installing the blow off stations. We will be installing the Krueger's service next week. Brian LeRue is performing maintenance on customer service boxes and meters. Many of our services are in need of digging out. The box is completely filled with sand and the meter box has sunk below grade. They are in danger of being lost to the surrounding environment. Brian is cleaning them out and raising the boxes to grade. Brian is also working with Jason to familiarize him with the filter plant.

Commissioner Brake asked: What if we have an emergency?

Bill Neal reported: If we have an emergency we have Bob, Nick, Brian, and myself. We also have a list of vendors that we can call on.

Commissioner Brake asked: What is Bob doing?

Bill Neal reported: Bob has missed the past few days but up until that he and Nick has been installing the sample stations, installed a new service, and several repairs. It is my hope that Nick will have a field report that include a daily log and pictures of work completed.

Tia Crisifulli asked: Is the Board aware the Mr. Neal told my husband that he could take his last two weeks off?

Bill Neal responded: Jason mentioned he needed some dental work done so I told him he had plenty of sick time and vacation time so he did not feel he needed to be here the full time.

Tami Herman stated: I spoke with Karen Klocke on June 12, 2012 and found out the North Beach Water District did not make the short list due to the 2012 intended use plan was not up to date and accurate. She asked me to speak with Christine Gagnon who is in charge of the Public Works Board and is the person who will see to it that the funds could be released by the DWSRF and that agency would be doing a complete audit prior to any funds being released to North Beach Water District. According to her conversation with me and Myra Bald that as long as there are allegations of mismanagement there would be no funds coming this year. I hope that before you hit that August 12th deadline things will be turned around if you want that 2 million dollars.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioner Williams stated: A contract has just been let for the dismantling of Ocean Park Elementary School of the water tank and removal of the fire pump for about \$20.00. In 2004 the PDA meet with the School Board to ask them to work with the PDA because we were looking for funding for the acquisition of the Ocean Park and Pacific Water utilities. We felt it was more appropriate to build the water tank on Pacific Water site instead of the school site. We offered the School District that once the funding package was put together the money paid to for the tank would be repaid and they choose not to work with us. Three quarters of a million dollars is being sold for twenty dollars.

Marilyn Sheldon states: She was on that Board at the time and I remember doing all I could to make it happen. Your funding did not come together in time for us to act. We fought hard to make it happen. You could not provide fire protection at the time at the volume/pressure required. It was not a fair statement to say the Board chose not to work with you. If the School had waited for the funding then the contractors would have had to move to the Long Beach School project and the Ocean Park School would not have been completed in time for the school to open for the next year.

Brian Sheldon states: My father purchased the fire pump and he paid two thousand dollars for it not twenty dollars. I looked up the price on line and I think he paid too much.

A member of the audience asked: Did someone buy the tank?

Brian Sheldon states: The pump has less than two hundred fifty hours on it. It would have cost the School District a lot of money to remove the tank. I argued to not put the tank in. In the end we have a tank sitting there that is not being used as the School is now hooked-up to the water system. I am pleased that someone offered to remove it even for a low price. It saves the School District money since they did not have to pay a contractor to remove it and likely to pay for haz-mat and other expensive requirements.

Brain Sheldon asked: Where is the suggestion box?

Bill Neal states: The employees told me that they would not use it.

Brian Sheldon states: The direction was to get a suggestion box so we expect you to get one. I would like to see it there for the employees and the customers. I would like to see a way the employee could make anonymous comments. A suggestion box does not provide for anonymity.

Brain Sheldon asked: How is the communication log doing?



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Bill Neal: brought the log into the meeting and showed it to the Commissioners.

Brian Sheldon stated: The goings on of the District in the last month or two has been very stressful for a lot of people. As a Board we make sure that one Commissioner is not having a undue influence on the daily business of the District. There is a perception that one Commissioner is having an undue influence on the business of the District. I ask the Commissioners to think about that when we are communicating with the General Manager so that we are all influencing the operations at the same level.

Curt Stephens asked: Since the log book do you copy each other on e-mails?

Brian Sheldon states: The Open Public Meetings act is very confusing. What can Commissioners discuss and still be in compliance with the law.

Gwen Brake, RD Williams, Brain Shelton, and Heather Reynolds: Discussed the limits of the Public Meetings Act and e-mail communication between commissioners.

Don Sheldon asks: How does the public participate in the discussion. How do we get our issues on the agenda. Do I just get a hold of Bill and tell him I want to be on the agenda. I think if a group gets a hold of RD and says they have a concern that it should get on the agenda.

Brian Sheldon asks: Bill, if people want to be put on the agenda what is the process?

Bill Neal Responds: The agenda is set by the President of the Board. The General Manger sets the regular agenda but if there are special issue you should get a hold of the President of the Board to ask if you can be placed on the agenda.

Brian Sheldon continues: If anyone wants to be on the agenda you can contact any Commissioner.

Gwen asks Marilyn Sheldon: You were a School Board Member how did people get on the agenda? You would go to the Superintendent and if you were working an issue he would ask when will you have the issue ready to present to the Board. The School District is a much larger organization and there is more layers to go through. The Commissioners should have written materials before them before they consider an issue at the meeting.

Tami Herman: I just want to point out as far as agenda items go I asked to have my issues put on the agenda and Commissioner Brake refused to do so, Commissioner Sheldon refused to do so, and Commissioner Williams did not return my calls.



Minutes of the Regular Meeting of The Board of Commissioners of North Beach Water District

Commissioners Brake, Sheldon and Williams stated: that Tami's statement was not true.

Mrs. Krueger asked: about NBWD testing our water for radiation due to the Japanese tsunami. There was a brief discussion about testing for radiation from Japanese tsunami debris. She was told that we do not test for radiation due to the Japanese tsunami.

Future Agenda Items:

Commissioner Sheldon: I would like to discuss a policy on accessing of the facilities and issuance of keys. I would like a discussion on a policy on any membership in organizations, who represents the District and how decisions to join organizations are made.

X. Adjournment

Commissioner Brake moved to adjourn the meeting. Commissioner Williams declared the meeting adjourned at 9:06 PM.

Brian Sheldon, Commissioner: Position # 1

Gwen Brake, Commissioner: Position # 2

R.D. Williams, Commissioner: Position # 3

Respectfully submitted for review and approval, as prepared by: _____
Bear witness to reference the Commissioner's signatures above,
does hereby approve this set of Minutes to become an Official
Record of the North Beach Water District on: _____