



LAKE WHATCOM WATER AND SEWER DISTRICT  
1220 LAKEWAY DRIVE  
BELLINGHAM, WASHINGTON 98229

REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS

AGENDA

*August 31, 2016*

8:00 a.m. – Regular Session

1. CALL TO ORDER
2. PUBLIC COMMENT OPPORTUNITY  
At this time, members of the public may address the Commission. Please state your name prior to making comments.
3. ADDITIONS, DELETIONS, OR CHANGES TO THE AGENDA
4. CONSENT AGENDA
5. SPECIFIC ITEMS OF BUSINESS:
  - A. North Shore Water System Consolidation Feasibility Study
  - B. Draft Bond Sale Press Release
  - C. Interim Rate Study
6. OTHER BUSINESS
7. MANAGER'S REPORT
8. PUBLIC COMMENT OPPORTUNITY
9. Executive Session Per RCW 42.30.140(4) General Manager Performance Evaluation – 30 Minutes
10. ADJOURNMENT



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	August 23, 2016		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>		
MEETING AGENDA DATE:	August 31, 2016		
AGENDA ITEM NUMBER:	5.A.		
SUBJECT:	North Shore Water System Consolidation Feasibility Study		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. Wilson Engineering Task Order #2016-001		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL/ OTHER <input type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

Attached is the proposed task order (scope of services) from Wilson Engineering to complete the feasibility study for the consolidation of three Group A water systems on the north shore of Lake Whatcom, Eagleridge, Agate Heights and the Agate Bay Trailer Park. The District started the effort to study this concept last year. We applied for and recently received a \$30,000.00 grant from the Washington State Department of Health to evaluate the feasibility of such a consolidation.

**FISCAL IMPACT**

Wilson proposes to conduct the feasibility study and report for \$30,000.00. The cost will be covered by the WDOH grant.

**RECOMMENDED BOARD ACTION**

To authorizes Wilson Engineering to conduct the feasibility study.

**PROPOSED MOTION**

To authorize the General Manager to sign Task Order #2016-001 with Wilson Engineering on behalf of the District for an amount not to exceed \$30,000.00.

**TASK ORDER #2016-001**  
**Lake Whatcom Water and Sewer District**  
**General Engineering Services**

**DESCRIPTION:**

The District's applied for and received a Grant for \$30,000 from the Department of Health (DOH). The purpose of this grant is to conduct a feasibility study for the consolidation of three Group A water systems on the north shore of Lake Whatcom: Eagleridge (#08118 - District-owned), Agate Heights (#52957 - District-owned), and Agate Bay Trailer Park (#00496). In addition, two Group B water systems and numerous individual homes will be considered for consolidation. The District has requested engineering assistance to conduct this feasibility study.

**SCOPE OF WORK:**

*District Project Number:* **C16013**

*Project name:* **North Shore Water System Consolidation Feasibility Study and**

*Project includes:*

Task 1 - Water System Consolidation Feasibility Study:

1. Research of existing information, assessment of existing infrastructure, and analysis of improvements needed to consolidate water systems.
2. Cost estimates for improvements and new infrastructure.
3. Prepare Draft and Final Feasibility Study.

Task 2 - Public Meetings:

1. Public Outreach- prepare and distribute informational brochures/flyers, post brochures/flyers on District website, solicit comments, notification of public meetings.
2. Prepare maps and exhibits.
3. Prepare for, attend and document public meetings.

*Assumptions and limitations:*

1. District will host public meetings.
2. District will supply customer information for North Shore sewer-only customers.

**COST SUMMARY:**

*Estimate of hours:*

See attached.

*Subconsultant fees:*

None anticipated.

*Other Direct Costs:*

Printing / postage / mailings

*Task Order Total Price (time & materials not to exceed):*

Project Management	\$2,760
Task 1 - Feasibility Study	\$20,124
Task 2 - Public Meetings	\$6,804
Direct Expenses	\$312
<b>Subtotal Water Consolidation</b>	<b>\$30,000</b>

**PROJECT SCHEDULE:**

*Milestone dates (goals):*

- Kick-off meeting - September 2016
- First Public Meeting - October 2016
- Draft Study - December 2016
- Second Public Meeting - January 2016
- Final Study - February 2017

**AUTHORIZATION:**

Lake Whatcom Water and Sewer District

Wilson Engineering, LLC

By: \_\_\_\_\_  
Patrick Sorensen  
General Manager

By: \_\_\_\_\_  
Melanie Mankamyer, PE  
Senior Partner

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

2016-093		LWWSD NS Water System Consol Feasibility		8/19/16	
Project	Description	Dollars		Hours	
		Contract	Budget		
2016-093	LWWSD NS Water System Consol Feasibility	\$	30,000.00		240
	Project Management/Coordination	Detail	\$ 2,760.00		20
	Task 1 - Feasibility Study		\$ 20,124.00		164
	Research / Analysis	Detail	\$ 3,972.00		32
	Cost Estimates	Detail	\$ 3,832.00		32
	Feasibility Report	Detail	\$ 12,320.00		100
	Task 2 - Public Meetings		\$ 6,804.00		56
	Public Outreach	Detail	\$ 2,420.00		20
	Maps / Exhibits	Detail	\$ 1,688.00		14
	Meeting Prep / Attendance	Detail	\$ 1,964.00		16
	Meeting Minutes	Detail	\$ 732.00		6
	Direct Expenses	Detail	\$ 312.00		0

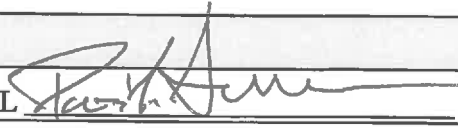
Lake Whatcom Water and Sewer District

Activity Type/ Task	Type	Hours	Resource Hours/ Units	Billing Rate	Contract	Resource Contract
<b>LWWS D NS Water System Consol Feasibility</b>		<b>240.0</b>	<b>240.0</b>		<b>30,000</b>	<b>30,000</b>
<b>Project Management/Coordination</b>		<b>20.0</b>	<b>20.0</b>		<b>2,760</b>	<b>2,760</b>
Labor	Senior Project Engineer		20.0	138.00		2,760
<b>Task 1 - Feasibility Study</b>		<b>164.0</b>			<b>20,124</b>	
<b>Research / Analysis</b>		<b>32.0</b>	<b>32.0</b>		<b>3,972</b>	<b>3,972</b>
Labor	Senior Project Engineer		8.0	138.00		1,104
Labor	Project Engineer		12.0	125.00		1,500
Labor	Engineer II		12.0	114.00		1,368
<b>Cost Estimates</b>		<b>32.0</b>	<b>32.0</b>		<b>3,832</b>	<b>3,832</b>
Labor	Senior Project Engineer		4.0	138.00		552
Labor	Project Engineer		8.0	125.00		1,000
Labor	Engineer II		20.0	114.00		2,280
<b>Feasibility Report</b>		<b>100.0</b>	<b>100.0</b>		<b>12,320</b>	<b>12,320</b>
Labor	Senior Project Engineer		20.0	138.00		2,760
Labor	Project Engineer		40.0	125.00		5,000
Labor	Engineer II		40.0	114.00		4,560
<b>Task 2 - Public Meetings</b>		<b>56.0</b>			<b>6,804</b>	
<b>Public Outreach</b>		<b>20.0</b>	<b>20.0</b>		<b>2,420</b>	<b>2,420</b>
Labor	Senior Project Engineer		4.0	138.00		552
Labor	Project Engineer		4.0	125.00		500
Labor	Engineer II		12.0	114.00		1,368
<b>Maps / Exhibits</b>		<b>14.0</b>	<b>14.0</b>		<b>1,688</b>	<b>1,688</b>
Labor	Senior Project Engineer		2.0	138.00		276
Labor	Project Engineer		4.0	125.00		500
Labor	Engineer II		8.0	114.00		912
<b>Meeting Prep / Attendance</b>		<b>16.0</b>	<b>16.0</b>		<b>1,964</b>	<b>1,964</b>
Labor	Senior Project Engineer		4.0	138.00		552
Labor	Project Engineer		4.0	125.00		500
Labor	Engineer II		8.0	114.00		912
<b>Meeting Minutes</b>		<b>6.0</b>	<b>6.0</b>		<b>732</b>	<b>732</b>
Labor	Senior Project Engineer		2.0	138.00		276
Labor	Engineer II		4.0	114.00		456
<b>Direct Expenses</b>					<b>312</b>	<b>312</b>
Expense	Printing; mailing					312



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	August 24, 2016		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL 		
MEETING AGENDA DATE:	August 31, 2016		
AGENDA ITEM NUMBER:	5.B.		
SUBJECT:	Draft Bond Sale Press Release		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1.		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

Attached is a draft news release from Jim Nelson our bonding agent, regarding the District's recent bond issue. Staff is proposing to place this information on the District's web site. How does the Board feel about the proposed release?

**FISCAL IMPACT**

N/A

**RECOMMENDED BOARD ACTION**

N/A

**PROPOSED MOTION**

N/A

**DRAFT PRESS RELEASE TEMPLATE – DESCRIBING RATING GRADE AND REFINANCING SAVINGS FOR LAKE WHATCOM WATER & SEWER DISTRICT**

(As of August 22, 2016):

Title: **Lake Whatcom Water & Sewer District Saves Money**

Or

**Lake Whatcom Water & Sewer District Refinancing**

Lake Whatcom Water & Sewer District (the “District”) recently issued Water & Sewer Revenue Refunding Bonds to lower their interest rate and save money. At the same time, the District financed improvements for the water and sewer system. As part of the process, the District’s staff presented information to the national rating agency of S&P Global Ratings.

According to General Manager Patrick Sorensen, “the District’s bond rating grade was upgraded from “A+” to “AA-”. This is a great accomplishment for the District and its ratepayers!”

Commissioner \_\_\_\_\_, “This rating grade of AA- reflects that the District is very well-managed and has strong financial policies and practices in place for the benefit of our ratepayers.”

“The higher the rating grade, then the lower the interest cost. We are very pleased and proud to achieve this rating grade”, according to Commissioner \_\_\_\_\_.

The Water & Sewer Revenue and Refunding Bonds were priced on July 13<sup>th</sup> near a historic low in interest rates. The Refunding Bonds achieved a total net savings of \$1,207,092, which is an average annual savings of \$63,531 for the remaining 19 years. The new money Water & Sewer Revenue Bonds financed capital improvements to facilities of the District, including construction of Division 22 Reservoir project and Strawberry Point Pump Station project, and the acquisition, construction and installation of improvements and betterments of the utility system.

According to Finance Manager, Debi Denton, “the AA- bond rating grade was based on the following key factors: 1. Demonstrated track record of strong financial reserves; 2. Strong historic debt service coverage {ranging from 2.4x to 4.1x}; 3. Financial management policies and practices; 4. Strength of the local economy; and 5. Experienced management in operating the District in an efficient manner.”

As part of the rating process, District staff prepared for a presentation to S&P Global Ratings. The presentation team was comprised of: General Manager Patrick Sorensen, Assistant General Manager Bill Hunter, Finance Manager Debi Denton, and Bond Underwriter Jim Nelson of D.A. Davidson & Co. The team presented information and answered questions that dealt with the topics of management, finances, local economy and long-term planning. The Water & Sewer Revenue and Refunding Bonds were underwritten by D.A. Davidson & Co., Trading and Public Finance Office in Seattle.



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	August 24, 2016		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>		
MEETING AGENDA DATE:	August 31, 2016		
AGENDA ITEM NUMBER:	5.C.		
SUBJECT:	Interim Rate Study		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. Scope of Work and Task Plan		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION	FORMAL ACTION/ MOTION	INFORMATIONAL/ OTHER
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

The purpose of the District's Utility Rate Study update is to evaluate the sufficiency of forecasted rate revenue under current and approved rates to meet forecasted expenditures. With the recent bond issue our debt structure and capital project funding have been revised therefore we have requested FCS Group to reevaluate our rate structure.

**FISCAL IMPACT**

The proposed total project budget described in the Scope of Work is \$35,500. There is sufficient funding in the Operating Fund.

**RECOMMENDED BOARD ACTION**

Approve the Scope of Work and Task Plan for FCS Group at the budget not to exceed \$35,500.

**PROPOSED MOTION**

Approve the Scope of Work and Task Plan for FCS Group at the budget not to exceed \$35,500.



## Exhibit A

### Scope of Work and Task Plan

The following Scope of Work identifies the activities that FCS GROUP will perform for the District's water and sewer rate study update. The forecast will include a base year of 2016, and a forecasted revenue requirement for years 2017 through 2022 (or shorter, if capital plan does not extend through 2022).

#### **Task 1: Data Collection/Validation**

Prepare an initial data request identifying financial, operational, and capital planning data pertinent to the study. Review, analyze, and validate as necessary for use in formulating the technical analyses. Follow up with LWUSD staff as necessary for any additional items or clarifications.

#### **Task 2: Update Fiscal Policies**

Review current attainment of fiscal policies established in previous studies and update as necessary to promote continued financial health of the utilities. This will include evaluation of operating reserves, system reinvestment funding, debt coverage, and debt-to-book value ratios. Allocate 2016 beginning balance between water and sewer purposes.

#### **Task 3: Update Capital Financial Plans**

Update the capital financing plans for each utility to incorporate the current capital improvement and replacement programs. Identify sources for funding the projects and develop alternative strategies including available cash reserves, connection charge revenues, assessments, system reinvestment funding from rates, and use of debt. Incorporate data from most recent planned debt issue. The budget provides for up to two (2) alternative capital funding strategies for each utility.

#### **Task 4: Update Operating Forecast**

Update the water and sewer utility operating and maintenance (O&M) costs, debt service, and other financial obligations over for the period. The LWUSD's current water and sewer utility operating budget for 2016 will be relied upon as the baseline. Update planning growth forecasts and economic factors for cost escalation as necessary. Integrate additional O&M expenses, if any, resulting from the current CIP and any other known changes in operational requirements. Review of District's realization of operational and capital saving goals laid out in the previous rate study.

#### **Task 5: Update Revenue Requirements**

Update the water and sewer utility revenue requirements to incorporate fiscal policies, capital financing impacts, and the operating forecast. Develop an operating cash flow to determine the rate revenue requirements over the planning horizon. Evaluate the sufficiency of current adopted rates and develop rate revenue strategies that meet financial obligations over the planning horizon and provide smooth impact to customers, to the extent practical. The budget provides for up to two (2) alternative scenarios for each utility. Note that no cost-of-service or rate design analyses are incorporated into this scope, as those items were recently updated in the previous rate study.

#### **Task 6: Meetings & Presentations: Three (3) Total**

Prepare for and attend up to two onsite (2) meetings with LWUSD staff: one kick-off meeting and one meeting to review draft revenue requirements results. Additional review meetings can be accommodated through teleconference. Prepare materials and attend up one (1) meeting with the Board of Commissioners to present final study results.

009

**Task 7: Documentation**

Prepare / submit a technical memorandum summarizing study assumptions, findings and recommendations, and the schedule of proposed rates.

**Task 8: Project Management / Administration**

Perform miscellaneous project set up activities, work paper documentation, internal scheduling/workload planning, and invoicing and progress reporting throughout the study.

## Exhibit B Fee Schedule

The exhibit below outlines the hourly rates, estimating the labor hours, cost per task and total project budget described in the Scope of Work and Task Plan above:

Task	Consultant Hours				Total Estimated Hours	Total Budget
	Principal Johnson	Sr Prog Manager Wilson	Project Consultant Aaker	Admin. Support		
<i>Hourly Billing Rates:</i>	\$255	\$205	\$155	\$80		
Task 1 - Data Collection / Validation		2	12		14	\$ 2,270
Task 2 - Update Fiscal Policies		2	6		8	\$ 1,340
Task 3 - Update Capital Financial Plans		4	22		26	\$ 4,230
Task 4 - Update Operating Forecast		4	24		28	\$ 4,540
Task 5 - Update Revenue Requirements	2	6	28		36	\$ 6,080
Task 6 - Meetings (3) plus Materials & Presentations	2	18	24	2	46	\$ 8,080
Task 7 - Documentation	4	10	26		40	\$ 7,100
Task 8 - Project Management / Administration		2	6	4	12	\$ 1,660
<b>Subtotal</b>	<b>8</b>	<b>48</b>	<b>148</b>	<b>6</b>	<b>210</b>	<b>\$ 35,300</b>
Mileage (a)						\$ 200
<b>Total</b>						<b>\$ 35,500</b>

(a) \$0.50 per mile

010



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	August 23, 2016		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>		
MEETING AGENDA DATE:	August 31, 2016		
AGENDA ITEM NUMBER:	7.0		
SUBJECT:	Manager's Report		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL: _____	1. Manager's Report		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

Updated information from the General Manager in advance of the Board meeting.

**FISCAL IMPACT**

None

**RECOMMENDED BOARD ACTION**

None required.

**PROPOSED MOTION**

None

# General Manager Comments

August 31, 2016

## Regular Board Meeting

8:00 a.m.

### Important Upcoming Dates:

- **Meetings Associated with the Lake Whatcom Management Program:**
  - **Policy Group Meeting:** The next scheduled meeting is set for **Monday, September 19, 2016** at 3:00 p.m. in the City of Bellingham's Fireplace Room located in the bottom floor of the Municipal Court Building at 625 Halleck Street. The Fireplace Room is located next to the City's Information Technology Office on the east side of the Court Building.
  - **Management Meeting:** A date for the next meeting with the Mayor and County Executive has not been set at this time.
- **Next Regular Board Meeting:** The next regular meeting will be held on **Wednesday, September 14, 2016** at 6:30 p.m.
- **Employee Staff Meeting:** The next staff meeting is set for **Thursday, September 15, 2016** at 8:00 a.m. in the Board Room. Commissioner Citron is scheduled to attend this meeting.
- **Employee Safety Committee Meeting:** The next meeting is set for **September 15, 2016** at 9:00 a.m. in the small conference room.
- **Washington Association of Sewer & Water Districts (WASWD) Section III Meeting:** The next Section III meeting will be held in Spokane at the Davenport Hotel at the Washington Association of Sewer & Water District's Association Fall Conference on Friday, September 23 at 7:30 p.m.
- **Whatcom Water District's Caucus Meeting:** The next Caucus meeting is set for **September 21, 2016** at 1:00 p.m. in the Board Room.

### Other:

- **Committee Meeting Reports as Needed:** This is a place holder for Board and staff members to report on recent committee meetings, such as the Lake Whatcom Policy Group, since the last Board Meeting.