

Lake Whatcom Water and Sewer District
Regular Meeting of the Board of Commissioners
August 29, 2012

Board President Leslie Mc Roberts called the Regular Session to order at 8:00 a.m. Other District representatives present included Commissioners Deborah Lambert, Todd Citron, Laura Weide and John W. Millar, General Manager Patrick Sorensen, District Engineer Bill Hunter, Legal Counsel Brian Hansen, Consulting Engineer Elizabeth Sterling, Finance Manager Debi Hill, and Recording Secretary Lyn Edwards. A list of interested participants is on file.

- Consent Agenda

- Action Taken

- Lambert moved, Weide seconded, approval of:

- **General and Construction Fund Vouchers totaling \$163,884.79**
 - **Payroll for Pay Period 17 (August 4, 2012 through August 17, 2012) totaling \$38,517.38**
 - **Payroll Benefits for Pay Period 17 totaling \$35,516.53**
 - **Minutes for the August 8, 2012 meeting**

- **Motion passed.**

- FCSG Presentation – Sewage Treatment Contract

Sorensen explained that the District had recently presented the City with a proposed sewer treatment agreement using a simplified cost sharing calculation. As a part of the City's rate study work, the City's consultant, FCSG also evaluated the District's proposed agreement. There are two main components that make up the District's cost share; Operations and Maintenance (O & M) and Capital Improvements. The new FCSG model refines and simplifies the O&M cost calculations and provides several cost-sharing options for the Capital Improvement portion of the equation. Gordon Wilson and Chris Gonzales from FCSG gave a presentation to the Board regarding the proposed cost models. Extensive discussion followed the presentation. District staff will develop an updated draft agreement for the Board's consideration at a future meeting.

- WRIA Discussion

Sorensen stated that the Board and staff have been discussing issues associated with the Water Resource Inventory Area # 1 (WRIA) process and their potential to impact water rights. The District has been working with a consortium of water districts in the county referred to as the Whatcom Water Districts Caucus (WWDC) in order to evaluate these issues. There has recently been discussion by the Caucus regarding the potential for future litigation over water rights and how that litigation could impact special purpose districts in Whatcom County. A lengthy discussion regarding WRIA and water rights took place. Clare Fogelsong from the City of Bellingham participated in the discussion. No decisions were made.

- Internal Audit Report

Finance Manager Debi Hill presented the results of the internal control audit for the first six months of 2012. VSH, an independent accounting firm, performed an audit to assist in testing controls over the District's cash receipts and cash disbursement processes. No compliance issues or internal control flaws were noted in their review; however VSH did recommend that the District adopt a formal anti-fraud policy. Staff is currently drafting a policy as recommended and will present it for the Board's consideration at the October 10th meeting. Discussion followed.

• General Manager Contract Renewal-Amendment #1

Sorensen stated that following my annual evaluation and salary adjustment at the July 25, 2012 meeting, the Board directed me to prepare an amendment to my contract, which was originally approved in May of 2010 for a two year term. The proposed contract amendment (Amendment #1) reflects my salary increase and changes the term of employment from two years to an indefinite length of time. A brief discussion ensued.

Action Taken

Lambert moved, Millar seconded, to approve the updated General Manager Employment Agreement-Amendment #1 as presented. Motion passed.


• Union Contract Bargaining Update (Executive Session-30 minutes)

Mc Roberts recessed the Regular Session to Executive Session at 10:20 a.m. The purpose of the Executive Session was to discuss Union Contract Negotiations. It was estimated that the Executive Session would take about thirty minutes. Mc Roberts recessed the Executive Session and reconvened the Regular Session at 10:55 a.m.

• Manager's Report

Sorensen briefly reported on upcoming meeting agenda items for the Whatcom County Council and the Lake Whatcom Policy Group.

With no further business, Mc Roberts adjourned the Regular Session at 11:00 a.m.



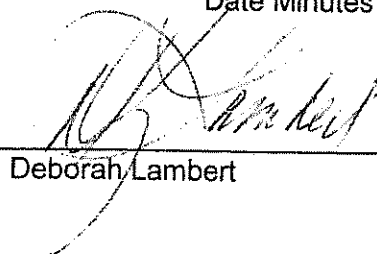
Recording Secretary, Lyn Edwards

9-26-2012

Date Minutes Approved



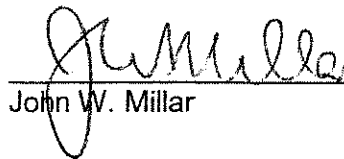
Leslie Mc Roberts



Deborah Lambert



Todd Citron



John W. Millar

Laura Weide