



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

REGULAR MEETING
OF THE BOARD OF COMMISSIONERS

AGENDA

February 12, 2014

6:30 p.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. Adoption of Interlocal Agreement with the City of Bellingham for the 2014 Aquatic Invasive Species Program
 - B. Adoption of Wastewater Treatment Contract with the City of Bellingham
 - C. Boulevard Sewer Pump Station Engineering Contract – Amendment #1 Design and Bidding
 - D. Strawberry Point Sewer Pump Station – Pre-design Engineering Contract
 - E. Monthly Budget Analysis
 - F. Summary of Existing District Projects
 - G. Draft Sewer Comprehensive Plan
6. OTHER BUSINESS
7. MANAGER'S REPORT
8. PUBLIC COMMENT OPPORTUNITY
9. ADJOURNMENT



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	February 3, 2014
TO BOARD OF COMMISSIONERS	
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>
MEETING AGENDA DATE:	February 12, 2014
AGENDA ITEM NUMBER:	5.A.
SUBJECT:	Adoption of Interlocal Agreement with the City of Bellingham for the 2014 Aquatic Invasive Species Program
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. 2014 Interlocal Agreement 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 City of Bellingham/LWWSD Agreement for the 2014 Lake Whatcom Aquatic Invasive Species Prevention Program. The agreement is identical with the 2013 program agreement approved last year (with the exception of the dates). The maximum payable under this Agreement is \$50,000.00 which is the same amount that the District paid last year.

FISCAL IMPACT

The District included \$50,000.00 for this purpose in the 2014 budget.

RECOMMENDED BOARD ACTION

Review, discuss and approve the 2014 Interlocal Agreement with the City of Bellingham for the 2014 Lake Whatcom Aquatic Invasive Species Prevention Program.

PROPOSED MOTION

To approve the 2014 Interlocal Agreement with the City of Bellingham for the 2014 Lake Whatcom Aquatic Invasive Species Prevention Program.

COPY

INTERLOCAL AGREEMENT

**2014 CITY OF BELLINGHAM - LAKE WHATCOM WATER AND SEWER
DISTRICT**

LAKE WHATCOM AQUATIC INVASIVE SPECIES PREVENTION PROGRAM

WHEREAS, the City of Bellingham (City) and Lake Whatcom Water and Sewer District (District) have a mutual interest in protecting water resources in the Lake Whatcom Watershed; and

WHEREAS, Aquatic Invasive Species (AIS) are capable of impacting water quality, recreational use and the aquatic ecology of Lake Whatcom; and

WHEREAS, watercraft are a widely recognized vector for movement and introduction of AIS within and between water bodies; and

WHEREAS, the risk of AIS introductions into Lake Whatcom can be reduced by education of watercraft users and inspection of watercraft prior to launching into Lake Whatcom and other Whatcom County waterbodies; and

WHEREAS, the City and the District have committed resources to support establishment and operation of an AIS Prevention Program for Lake Whatcom; and

WHEREAS, this Agreement is authorized under the Washington State Interlocal Cooperation Act, Chapter 39.34 RCW;

**NOW, THEREFORE, THE CITY OF BELLINGHAM AND LAKE WHATCOM
WATER AND SEWER DISTRICT AGREE AS FOLLOWS:**

1. SCOPE OF WORK

Task 1 - Administration: The City will administer and manage the AIS Prevention Program, including hiring, training, outfitting, scheduling and supervision of program staff.

Task 2 - Reporting: Periodic reports of the program's status will be delivered to the District upon request.

2. TERM

(a) This Agreement shall be effective February 15, 2014 and shall continue through December 31, 2014. The Agreement shall only be renewed, in writing, on terms then agreed to by the parties. The term shall be as stated in the agreement regardless of the date of signature.

(b) This Agreement may be terminated for convenience by either party upon the giving of ninety (90) days written notice to the other party whereupon payment for time and effort expended up to and including the date of termination shall be paid in full.

(c) This Agreement may be terminated for cause by either party after giving the defaulting party thirty (30) day's written notice of default and an opportunity to cure.

3. PAYMENT

(a) The District shall reimburse the City for AIS prevention program costs, including but not limited to staff outfitting and wages. The maximum payable under this Agreement is \$50,000.

(b) Payments to the City will be made monthly based on invoices submitted to the District. All payments hereunder are considered reimbursement for services rendered. Reimbursements hereunder shall not create an employment relationship between the District and any City staff, nor shall it confer any ownership or management rights in the District to any property or assets acquired by the City under the AIS prevention program.

(c) The District shall promptly review and pay the invoice in accordance with its usual procedures.

(d) A short program update shall accompany each invoice.

4. PERSONS RESPONSIBLE FOR ADMINISTRATION OF THE AGREEMENT

The City designates the Public Works Natural Resources Policy Manager, or his/her designee, as its person responsible for administration of the this Agreement. The District designates its General Manager, or his/her designee, as its person responsible for administration of this Agreement.

5. LEGAL RELATIONS

In performing the services outlined in this Agreement, neither party is acting as the agent or employee of the other; rather, each party is acting as an independent contractor.

6. DEFENSE, INDEMNIFICATION, HOLD HARMLESS

Each party shall defend, indemnify and hold the other harmless from and against any and all cost or liability for damage to persons or property arising from the negligent acts or omissions of itself or its elected officials, employees or agents in relation to this Agreement.

EXECUTED, this the _____ day of _____, 2014, for the LAKE
WHATCOM WATER AND SEWER DISTRICT:

LWWSD General Manager

Approved as to Form:

District Legal Counsel

EXECUTED, this the _____ day of _____, 2014, for the CITY OF
BELLINGHAM:

Departmental Approval:

Mayor

Department Head

Attest:

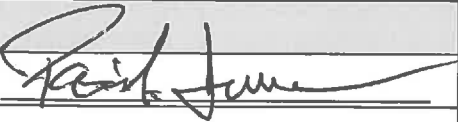
Approved as to Form:

Finance Director

Office of the City Attorney



LAKE WHATCOM WATER AND SEWER DISTRICT
AGENDA BILL

DATE SUBMITTED:	February 3, 2014		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL 		
MEETING AGENDA DATE:	February 12, 2014		
AGENDA ITEM NUMBER:	5.B.		
SUBJECT:	Adoption of Wastewater Treatment Contract with the City of Bellingham		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL: _____	1. Wastewater Treatment Contract		
	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 Wastewater Treatment Contract with the City of Bellingham is ready for the Board's consideration. See proposed contract, attached.

FISCAL IMPACT

Per contract.

RECOMMENDED BOARD ACTION

To review, discuss, and consider the proposed Wastewater Treatment Contract with the City of Bellingham.

PROPOSED MOTION

To approve the Wastewater Treatment Contract with the City of Bellingham as presented.

INTERLOCAL AGREEMENT FOR SEWAGE SERVICES
between
The CITY OF BELLINGHAM
and
The LAKE WHATCOM WATER & SEWER DISTRICT

THIS INTERLOCAL AGREEMENT FOR SEWAGE SERVICES ("Agreement") is entered into by and between the City of Bellingham, a Washington municipal corporation (the "City"), and the Lake Whatcom Water & Sewer District, formerly Whatcom County Water District No. 10, a Washington municipal corporation and special purpose district (the "District"). Hereinafter, the City and the District may be referred to collectively as the "Parties."

RECITALS

WHEREAS, the District provides sewage collection and conveyance services to customers located outside of the City's corporate limits; and

WHEREAS, the District does not treat or dispose of the sewage collected from its customers; and

WHEREAS, the City owns and operates a sewage treatment facility known as the Post Point Wastewater Treatment Plant ("Post Point Treatment Plant"); and

WHEREAS, the City's conveyance infrastructure and Post Point Treatment Plant have excess capacity above that which is needed to serve customers located within the City's corporate limits; and

WHEREAS, RCW 39.34 allows governmental entities to enter into Interlocal Agreements to perform services for one another on the basis of mutual advantage; and

WHEREAS, Bellingham Municipal Code ("BMC") 15.36 authorizes the City to provide sewer services outside its corporate limits subject to certain conditions; and

WHEREAS, the City and the District have previously entered into contracts dated February 13, 1974, October 10, 1974 and August 1, 1977, pursuant to which the City has accepted, conveyed, treated and disposed of the District's sewage and the District has paid a portion of the City's sewer system costs, including treatment, maintenance and improvements; and

WHEREAS, the Parties desire to adopt a more efficient and predictable method of determining the District's proportionate share of City sewer costs and believe this Agreement accomplishes that purpose; and

WHEREAS, the Parties intend for this Agreement to replace and supersede all previous agreements related to sewage services.

NOW, THEREFORE, in consideration of the mutual benefits and consideration to be obtained by each party, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

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TERMS AND CONDITIONS

1. **PURPOSE.** The purpose of this Agreement is to establish the terms and conditions upon which the City will accept, convey, treat and dispose of the District's sewage for a fee.

2. **ADMINISTRATION.** No new or separate legal or administrative entity is created to administer the provisions of this Agreement.

3. CONVEYANCE

3.1. The City shall accept the District's domestic sewage into the City's Whatcom Creek Trunk Sewer system and convey it to the Post Point Treatment Plant. The term "domestic sewage" means water carrying human wastes, including kitchen, bath, and laundry wastes from residences, buildings, industrial establishments or other places, together with the groundwater infiltration or surface waters that may be present.

3.2. The City will collect the District's domestic sewage at the following points of acceptance:

- Whatcom Falls Park (from Lake Louise Road Interceptor);
- Electric Avenue at Flynn Street (from Cable Street and Euclid force mains);
- Euclid Avenue (from Euclid gravity main);
- Flynn Street (from the Mill Wheel Park main); and
- Northshore Road Meter (from Northshore Interceptor).

The above points of acceptance may be modified by the City upon written consent of the District, which consent shall not be unreasonably withheld or delayed.

3.3. Conveyance shall be in accordance with the terms and conditions of the City's National Pollution Discharge Elimination permit ("NPDES Permit") as presently constituted or hereafter revised and all applicable laws and regulations.

4. TREATMENT AND DISPOSAL

4.1. The City shall treat and dispose of the District's domestic sewage at the Post Point Treatment Plant.

4.2. Treatment shall be in accordance with the terms and conditions of the City's NPDES Permit as presently constituted, or hereafter revised, and all applicable laws and regulations.

5. RESERVED CAPACITY & FLOW MEASUREMENT

5.1. Reserved Capacity. The City shall accept and provide conveyance and treatment services to the District for maximum peak instantaneous flows of up to 2,400 gallons per minute ("gpm") ("Reserved Capacity"). The District shall ensure that all comprehensive planning and issuance of new connections shall be within this maximum flow limitation.

5.2. Strength. No specific strength measurement or limit shall be applied to the District's sewage, provided that any damage, corrosion, or odor generation to the City's collection, conveyance or treatment systems reasonably attributed to flow from the District may be repaired by the City at the District's sole expense. The District shall take prompt action to eliminate the cause of such damage, corrosion or odor generation at the sole expense of the District in a manner reasonably acceptable to the City.

5.3. Emergency Flows. It is to the mutual benefit of the City, District, and greater public to prevent domestic sewage from overflowing within the Lake Whatcom watershed. Therefore, the City shall receive unforeseen additional flows (in excess of 2,400 gpm) in the event of emergencies, including but not necessarily limited to extreme weather (such as an exceptional rain or snow event), natural disasters, or third party-caused incidents. To minimize the overall impact of an emergency, the District will notify and coordinate with the City immediately when the District becomes aware of an emergency situation. To assist the City in avoiding combined sewer overflows, the District agrees when possible to restrict flows to the City from the District through the use and activation of the District's wet weather vault or other operational controls.

5.4. Flow Metering for Billing Purposes. The District shall install, maintain and replace at its sole expense flow measuring devices and recording instruments on its conveyance system upstream of each point of discharge into the City's conveyance system except for certain, mutually agreed upon gravity connection(s) (e.g., Euclid Ave). The District agrees to provide reasonable access to these devices for the City's employees to read and record measurements necessary for billing purposes. The Parties agree to work cooperatively to design and install any required replacements or upgrades of the flow metering devices and recording instruments; provided all such costs shall be borne by the District. In the event the District does not maintain this equipment in good operating condition, the City may perform or cause to have performed the necessary work and charge the District therefore with addition of appropriate overhead charges. The District agrees to allow the City to install, operate and maintain, at the City's own expense, all necessary equipment to allow for the flow meters located on the District's system to be remotely monitored and read by the City. Nothing in this section shall preclude the City from installing its own meters, on the City of Bellingham System, at its own expense.

6. RATES AND CHARGES FOR SERVICES. The District shall pay its proportionate share of the City's sewer system costs, including operation and maintenance

(O&M) and capital improvements. The District's proportionate share of the City's sewer system costs shall consist of Volumetric Charges (defined below) and Capital Contribution Charges (defined below):

6.1 Volumetric Charges.

6.1.1. Volumetric Rate Established. The District will be charged on a volumetric basis for all flows as measured by flow meters installed at or near each point of discharge into the City's conveyance system. The volumetric rate shall be \$0.002073 per gallon or \$0.0155 per cubic foot ("cf") ("Volumetric Rate"). Where flows from single family residential connections are not measured (e.g. Euclid Avenue) the District will be separately charged fifty percent ("50%") of the rate charged to an equivalent City of Bellingham customer for each District connection downstream of a flow measuring device. See Appendix A for a general description of how the Parties determined the Volumetric Rate.

6.1.2. Intent. The Volumetric Rate established above is intended to reimburse the City for the District's proportionate share of O&M expenses and capital improvement costs for the City's conveyance infrastructure. The Volumetric Rate is also intended to reimburse the City for the District's proportionate share of O&M expenses for the Post Point Treatment Plant. The District's responsibility for Major Improvements (defined below) to the Post Point Treatment Plant is addressed separately in Section 6.2 of this Agreement.

6.1.3. CPI Adjustment. The Volumetric Rate will automatically adjust annually on each anniversary of the Commencement Date of this Agreement commensurate with any increase over the same period in the Consumer Price Index, All Urban Consumers (CPI-U), Seattle-Tacoma-Bremerton Index ("CPI"). For purposes of this calculation, the Parties shall use the CPI period ending immediately prior to each anniversary for which data is available. In no event shall the Volumetric Rate decrease.

6.1.4. Surcharge for Excessive Inflow and Infiltration ("I&I"). When the District's annual gross flows on average exceed 915 cubic feet per month per the number of equivalent residential units ("ERUs") located within the District, a retroactive surcharge equal to 50% of the regular Volumetric Rate shall apply and shall be added to the base charge for the excess flow ("Surcharge"). The District shall provide written notice to the City of the number of ERUs located within the District on or before January 15 of each year. Surcharges shall be calculated and invoiced by the City to the District by March 1 of each year with payment due within thirty (30) days. The following examples illustrate when and how the Surcharge applies:

- **Example 1 - No Surcharge Applies:**
ERUs: 4,238
Annual gross flow: 308,000,000 gallons.
Convert to cubic feet: $308,000,000 \text{ gal} \div 7.48 = 41,176,470.59 \text{ cf}$.
Calculate average monthly flow: $41,176,470.59 \text{ cf} \div 12 = 3,431,372.50 \text{ cf}$.

Calculate average monthly flow per ERU: $3,431,372.50 \text{ cf} \div 4,238 = 809.68 \text{ cf}$.

Conclusion: The average monthly flow per ERU does not exceed 915 cf and, therefore, no Surcharge applies.

- **Example 2 - Surcharge Applies:**

ERUs: 4,238

Annual gross flow: 350,000,000 gallons.

Convert to cubic feet: $350,000,000 \text{ gal} \div 7.48 = 46,791,443.85 \text{ cf}$.

Calculate average monthly flow: $46,791,443.85 \text{ cf} \div 12 = 3,899,286.99 \text{ cf}$.

Calculate average monthly flow per ERU: $3,899,286.99 \text{ cf} \div 4,238 = 920.08 \text{ cf}$.

Conclusion: The average monthly flow per ERU exceeds 915 cf and, therefore, the Surcharge applies to the excess flow.

Surcharge Calculation:

Maximum average monthly flow: $915 \text{ cf} \times 4,238 \text{ ER} = 3,877,870$

Maximum Annual Flow: $3,877,870 \text{ cf} \times 12 = 46,534,440 \text{ cf}$

Convert to gallons: $46,534,440 \text{ cf} \times 7.48 = 348,077,611.20$

Excess flow: $350,000,000 - 348,077,611.20 = 1,922,388.80 \text{ gal}$.

Surcharge Rate: $\$0.002073 \times 50\% = \$0.0010365 \text{ per gallon}$.

Surcharge: $1,922,388.80 \text{ gal} \times \$0.0010365 = \$1,992.55$.

6.2. Capital Contribution Charges for Major Improvements to the Post Point Treatment Plant.

6.2.1. Capital Contribution Rate Established. The District shall reimburse the City for the District's proportionate share of the costs of Major Improvements (defined below) to the Post Point Treatment Facility in an amount equal to 4.8% of Eligible Project Costs ("defined below") ("Capital Contribution Rate"). The Capital Contribution Rate of 4.8% was calculated by dividing the District's Reserve Capacity of 2,400 gpm instantaneous flow by the Post Point Treatment Plant's 2012 hydraulic capacity of 50,000 gpm instantaneous flow.

6.2.2. Major Improvements. The term "Major Improvements" means only those individual projects that meet both of the following criteria: (a) the project is for the purpose of maintaining, repairing, replacing, improving or expanding the Post Point Treatment Plant or any component thereof; and (b) the actual cost of the project is greater than or equal to Five Million Dollars (\$5,000,000). All project-related costs shall be considered in determining whether a project qualifies as a Major Improvement, including but not limited to exempt and/or ineligible costs for which the District will not be required to pay a proportionate share. The Capital Contribution Rate shall apply to all Eligible Project Costs (defined below) incurred on a Major Improvement and shall not be limited to only Eligible Project Costs in excess of Five Million Dollars (\$5,000,000).

6.2.3. Eligible Project Costs. The term "Eligible Project Costs" means all costs incurred by the City on a Major Improvement to the Post Point Treatment Plant, net of grants or other project-specific revenue, including, but not limited to, the following: cost of construction; engineering fees; staff time spent directly on engineering or project management; legal fees; land acquisition costs; and City financing costs, including consulting fees and accrued interest (through the date of District payment, if applicable - see Section 7).

6.2.4. Applicability. The Capital Contribution Charge shall apply to all Major Improvements completed after the Commencement Date of this Agreement, regardless of whether the Major Improvement was commenced before or after the Commencement Date of this Agreement. Without limiting the generality of the foregoing statement, the Capital Contribution Charge specifically applies to the Post Point Project which is in progress at the time of execution of this Agreement.

6.2.5. Exemption. The District shall not be responsible for any Major Improvement or portion of a Major Improvement undertaken for the purpose of expanding the permitted capacity (volumetric or strength) of the Post Point Treatment Plant, unless the expansion project is undertaken in whole or in part to increase the District's Reserved Capacity. For any Major Improvement that involves both exempt and non-exempt costs, the District's responsibility to pay its proportionate share shall apply solely and in proportion to non-exempt project costs.

6.3. Catastrophic Failure. The District shall pay its proportionate share of the cost of any interim services or projects undertaken for the purpose of repairing or replacing City sewage infrastructure or services that are damaged or disrupted by natural disasters or industrial accidents, including, but not limited to, fires, earthquakes, tsunamis, sea level rises, floods, train accidents, or wind events. If such loss or damage is to the City's conveyance infrastructure, the District shall pay its proportionate share of the cost as determined by the Parties in good faith and said amount shall be in addition to the Volumetric Charge. If such loss or damage is to the Post Point Treatment Plant, the District's proportionate share shall be equal to the Capital Contribution Rate and the District shall pay its proportionate share (subject to the exemption in 6.2.5 above) regardless of the cost of the project or service (i.e., the District's obligation shall not be limited to only those projects or services that would otherwise qualify as Major Improvements).

7. PAYMENT TERMS

7.1. Volumetric Charges. Volumetric Charges for service will be invoiced monthly with payment due within thirty (30) calendar days of the invoice date. Payment shall be made to the City of Bellingham, 210 Lottie Street, Bellingham, WA 98225, or at a different place as designated by the City in writing. Missed or late payments shall accrue interest at the rate of twelve percent (12%) per annum.

7.2. Capital Contribution Charges for Major Improvements to the Post Point Treatment Plant.

7.2.1. Notice.

7.2.1.1. The City shall make a good faith effort to notify the District in writing at least one (1) year (365 days) in advance of incurring substantial costs for any Major Improvement to the Post Point Treatment Plant for which the District will be required to share in the costs. The notification shall include, to the extent practicable, an estimate of Eligible Costs and the estimated dates of project commencement and completion.

7.2.1.2. The City shall provide follow-up, written notice to the District at least one (1) year (365 days) prior to issuing an invoice to the District for its share of any Major Improvements to the Post Point Treatment Plant ("Invoice Notice").

7.2.1.3. Within six (6) months of receiving an Invoice Notice, the District shall notify the City in writing of its preferred method of payment in accordance with Section 7.2.3 below.

7.2.2. Invoice. The City shall invoice the District for its proportionate share of any Major Improvement following final completion (e.g. a certificate of completion, final contract voucher, final payment or similar) of the project. Individual projects shall be separately invoiced. Payment shall be made within ninety (90) days of the date of the invoice or in accordance with any approved Payment Plan (defined below). Payment shall be made to the City of Bellingham, 210 Lottie Street, Bellingham, WA 98225, or at a different place as designated by the City in writing.

7.2.3. Payment Methods: Lump Sum; Payment Plan.

7.2.3.1. When District's total proportionate share of any Major Improvement is less than \$200,000, the District shall pay the entire amount to the City in a single cash payment within 90 days of the date of the invoice.

7.2.3.2. When the District's total proportionate share of any Major Improvement is equal to or greater than \$200,000, the District may elect to either: (a) pay the entire amount in a single cash payment due within 90 days of the date of the Invoice; or (b) request that the City consider a Payment Plan. Unless otherwise agreed, any Payment Plan shall comply with the following requirements:

- a. The term of the Payment Plan shall not exceed twenty (20) years.
- b. Payments of principal and interest shall be made monthly based on an amortization schedule.

- c. The District shall pay interest on the outstanding balance owed. Interest shall accrue as of the invoice date and no sooner. The annual interest percentage rate ("AIPR") shall be the City's applicable financing costs plus one percent (1%).
- d. There shall be no penalty for pre-payment or early payment, in full or in part, of any amounts owed under the Payment Plan.
- e. The terms and conditions of any Payment Plan shall be set forth in an inter-local agreement executed by the Parties following approval by the Bellingham City Council and the District's Board of Commissioners.
- f. Nothing in this Agreement shall be construed to authorize extension of credit contrary to the laws of the State of Washington.

If the Parties are unable to agree to the terms of a Payment Plan, the District shall pay the applicable Invoice in full in one lump sum within one hundred eighty (180) calendar days of the later of: (a) the date of the Invoice; or (b) the date of the City's written decision denying the District's request for a Payment Plan. Each party retains complete and unfettered discretion to decline to enter into a Payment Plan, in which case payment shall be made in a single lump sum as provided herein.

8. TERM OF AGREEMENT. The term of this Agreement shall be twenty (20) years commencing January 1, 2014 ("Commencement Date") and expiring December 31, 2034 ("Expiration Date"), regardless of the date of execution of this Agreement. Sewer services provided prior to the Commencement Date are subject to the terms and conditions of the prior agreement(s). It is the intent of the Parties to negotiate towards a new agreement for sewage services prior to the expiration of this Agreement. Good faith negotiations shall commence at least one year (365 days) in advance of the Expiration Date.

9. RATE MODIFICATION. All rates, including the District's Volumetric Rate, Capital Contribution Rate and AIPR shall remain constant throughout the Term of this Agreement, subject only to CPI adjustment to the extent provided herein, until modified in writing signed by the Parties. Either party may request a rate adjustment on each five-year anniversary of the Commencement Date of this Agreement. Any such request shall be delivered in writing at least 120 days prior to the next five-year anniversary date and shall include: (i) the proposed rate change(s); and (ii) the rationale therefore. The Parties shall confer in good faith regarding the proposed rate change(s). If the Parties reach agreement, the new rates shall be incorporated into this Agreement by written modification executed by the Parties. If neither party requests a rate modification, or if the parties fail to reach agreement on or before the next five-year anniversary date, then the rates shall remain unaffected, subject only to CPI adjustment to the extent provided

herein. If, in any two consecutive years, the percentage increase in the City's actual O&M expenses exceeds the percentage increase in the CPI by ten percentage points or more, the City may request a rate adjustment, in which case the Parties shall confer in good faith concerning the requested adjustment.

10. SERVICE CONNECTIONS. The Lake Whatcom Reservoir is a primary source of drinking water for both residents of the City and customers of the District. As partners in protecting water quality, the City and District seek to implement measures consistent with both the 1992 Joint Resolution adopting goals for water quality protection and the 2011-2014 Lake Whatcom Reservoir Management Program prepared by the Interjurisdictional Coordinating Team, of which the City and District are both members. Both of these documents acknowledge the need to control and limit development potential and to provide sewer connections in lieu of on-site septic systems as necessary measures to protect the Lake Whatcom Reservoir. In furtherance of these goals, the following measures related to the provision or extension of sewer service shall apply:

10.1. General. The District shall comply with all relevant state and local laws, regulations and approvals pertaining to the provision of sewer services, including, but not limited to, RCW 36.70A.110(4) and the District's comprehensive sewer plan as approved, or as conditionally approved, by the Washington State Department of Ecology pursuant to RCW 90.48.110.

10.2. Inside Designated Urban Growth Areas or Limited Areas of More Intense Rural Development. Subject to Section 10.1 above, the District may approve any connection to, or extension of, its sewer system within a designated Urban Growth Area ("UGA") or Limited Area of More Intensive Rural Development ("LAMIRD").

10.3. Outside Designated UGA or LAMIRD:

10.3.1. The District shall not approve or make any sewer connections outside a designated UGA or LAMIRD to lots or parcels of land created after May 1, 2005 by subdivision, including, but not limited to, long subdivision, short subdivision, exempt land division, or binding site plan, except as described in section 10.3.3 below. Lots or parcels shall be deemed to have been created on the date that the instrument creating the lot or parcel was recorded with the Whatcom County Auditor. For parcels or lots modified by boundary or lot line adjustments, which do not result in additional lots of record, the date used shall be the date on which the underlying lot or parcel was created, not the recording date of the boundary or lot line adjustments.

10.3.2. The District shall provide a written notice of intent to provide connection to any lot or parcel located outside a UGA or LAMIRD to the City of Bellingham Public Works Department for purposes of an administrative review to verify conformance with subsection 10.3.1 above at least 15 calendar days prior to approving said connection. Said notice shall be in

writing and shall include the parcel address, the tax parcel number, the date the lot or parcel was created and sufficient documentation to verify the date the lot was created. The City shall respond in writing within 15 days of receipt of the District's notice to confirm or deny that the proposed connection complies with subsection 10.3.1 above. Failure by the City to respond within the allotted time shall be considered concurrence with the District's determination of compliance with this section.

10.3.3. The Bellingham City Council may approve connections to lots or parcels created after May 1, 2005 in those limited circumstances where the Bellingham City Council determines, upon written application by the District, that said connections are necessary to protect basic public health and safety, and the environment and that said services are financially supportable at rural densities and do not permit urban development.

11. INDEMNIFICATION.

11.1. The District shall release, defend, indemnify and hold harmless the City from all damages, demands, claims, suits, or causes of action arising out of the actions or inactions of the District or its officials, employees, agents or contractors.

11.2. The City shall release, defend, indemnify and hold harmless the District from all damages, demands, claims, suits, or causes of action arising out of the actions or inactions of the City or its officials, employees, agents and contractors.

12. SPECIFIC PERFORMANCE. The District shall promptly disconnect any lot or parcel that connects or becomes connected to the District's sewer system after the date of this Agreement if said connection is made in violation of the terms of this Agreement. The parties acknowledge and agree that damages are an inadequate remedy for any failure by the District to comply with the requirements of this section. Therefore, in addition to any other remedies that may be available to the City at law or in equity, the City is entitled to enforce the requirements of this section by specific performance. The remedy provided in this section is not exclusive of any other rights or remedies that may be available, whether provided by law, equity, statute, or otherwise.

13. ASSIGNMENT. Neither party shall assign or delegate any or all interests in this Agreement without first obtaining the prior written consent of the other party.

14. SUCCESSORS OR ASSIGNS. All of the terms, conditions, covenants and agreements of this Agreement shall extend to and be binding upon each party and their successors and permitted assigns.

15. RESPONSIBLE PERSONS. The persons responsible for the administration of this Agreement shall be the City of Bellingham Public Works Director and the Lake Whatcom Water and Sewer District General Manager or their designees.

16. **NOTICE.** Any notice required to be given under the terms of this Agreement shall be directed to the party at the address set forth herein below:

City: City of Bellingham
210 Lottie Street
Bellingham, WA 98225

Attn: Public Works Director
With copy to: Mayor
With copy to: City Attorney

District: Lake Whatcom Water & Sewer District
1220 Lakeway Drive
Bellingham, WA 98229

Attn: General Manager
With copy to: District Legal Counsel

Any notice given pursuant to this Agreement shall be delivered personally, sent by overnight courier or mailed by registered or certified mail to the addresses above or to such other address as a party shall from time to time advise in writing. If mailed, a notice shall be deemed received three (3) business days after the postmark affixed on the envelope by the United States Post Office.

17. **APPLICABLE LAW AND VENUE.** This Agreement shall be governed by, and construed in accordance with the laws of the State of Washington without recourse to any principle of conflicts of laws. Any action in law or equity, or judicial proceeding for the enforcement of this Agreement or any of the provisions contained therein, shall be instituted and maintained only in Whatcom County Superior Court, Bellingham, Washington.

18. **ENTIRE AGREEMENT.** This Agreement constitutes the entire Agreement between the parties hereto and supersedes all other prior written or oral understandings with regard to the City's provision of sewage services to the District. This Agreement may only be amended, supplemented, modified, or cancelled by a duly executed document in writing pursuant to this Agreement.

19. **SEVERABILITY.** Should any part of this Agreement be rendered or declared invalid by a court of competent jurisdiction of the State of Washington, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect.

20. **HEADINGS.** The headings in this Agreement are for convenience only and do not in any way limit or affect the terms and provisions hereof.

21. **RECORDING.** The City shall record this Agreement with the Whatcom County Auditor in accordance with the Washington Interlocal Cooperation Act, Title 39.34 RCW.

EXECUTED this _____ day of _____, 2014 for **LAKE WHATCOM WATER & SEWER DISTRICT.**

_____	_____
District Board President	District General Manager

ATTEST:	APPROVED AS TO FORM:
----------------	-----------------------------

_____	_____
Finance Manager	District Legal Counsel

EXECUTED this _____ day of _____, 2014 for the **CITY OF BELLINGHAM.**

_____	_____
Mayor	Director of Public Works

ATTEST:	APPROVED AS TO FORM:
----------------	-----------------------------

_____	_____
Finance Director	Office of the City Attorney

APPENDIX A

RATE DETERMINATION METHODS AND HISTORY

I. INTRODUCTION

This Appendix A describes the methodologies discussed by the City of Bellingham (the "City") and the Lake Whatcom Water and Sewer District (the "District") in negotiating a Volumetric Rate and a Capital Contribution Rate for the Interlocal Agreement for Sewage Services ("Agreement"). All capitalized terms included herein shall have the meanings ascribed to them in the Agreement, unless a different definition is specifically provided. The Parties acknowledge that the Volumetric Rate included in the Agreement is a negotiated rate and that changes in accounting practices, assumptions and varying interpretation of definitions affect a precise calculation. Nothing herein shall preclude the City and the District from using a different, mutually agreed upon, methodology for establishing any future rates in accordance with the Agreement. This Appendix A is provided for background purposes only and does not alter or modify any term of the Agreement.

II. BACKGROUND

The previous 1974 sewage agreement between the City and the District required a rigorous, apportionment calculation based on the reserved capacity requested by the District and the estimated capacity of each component of the City's conveyance and treatment system. The cost of each individual component of the system benefiting the District was determined and a percentage share assigned to the District. The City's general administrative costs were apportioned based on the capacity used by the District as a percentage of the entire City system. As changes occurred in the system, the previous agreement required adjustments to the apportionment. This detailed approach was not consistent with how rates were established for other City of Bellingham customers, required a high level of analysis and was subject to variations resulting from changes in the physical assets, variations in accounting practices and changes in City policies. Furthermore, owing to the complicated methodology, it was not clear to the District, City or the State Auditor that billings were correctly or adequately reflecting all current facilities.

In developing a new rate structure for the current Agreement, the City and District sought to identify a more efficient and predictable methodology that could be repeated without the need for a high-level financial analysis or a detailed understanding of each physical component of City's sewer system. Greater predictability in future rates and the ability to simplify billing practices was a key principle in developing a negotiated rate.

III. DISCUSSION

The various methodologies that were considered and discussed by the Parties in negotiating a new rate structure are described below.

A. Cost of Service Methodology

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As a basis for beginning negotiation of rates, the City analyzed the history of revenue received from the District, completed the rigorous analysis in the previous contract based on 2012 actuals, and reviewed the revenue requirements of the utility contained in the 2012 Water & Wastewater rate study conducted by FCSG. The City then developed a new rate methodology designed to reimburse the City for its costs of serving the District. The City divided its total costs between the following two components: (a) operation and maintenance (O&M); and (b) major improvements to the Post Point Treatment Plant. The City then developed a rate methodology for each component.

1. O&M

The City assumes its cost of service for the District, which is comprised predominantly of residential customers, is similar to the City's cost of service for its own single-family residential sewer customers (also known as "Class 1 Customers").

The City bills its Class 1 Customers on a flat-rate basis. In 2013, the Class 1 Customer rate was \$33.97 per month. The Class 1 Customer rate reflects the City's costs of service for Class 1 customers, which can be subdivided into capital, debt, O&M, and other costs. Based on a financial analysis conducted by FCSG in 2012 ("FCSG Study"), the City determined that the O&M portion of the Class 1 Customer rate is approximately 38% of the overall Class 1 Customer rate. The City used this data to isolate the O&M component of the 2013 Class 1 Customer rate as follows: $\$33.97 \times 0.38 = \12.91 ("O&M Flat Rate").

Next, the City converted the O&M Flat Rate into a volumetric rate. It did so by dividing the O&M Flat Rate by the amount of effluent attributed to each Class 1 customer on a monthly basis (5,984 gallons; 800 cubic feet). This calculation produces a volumetric O&M rate of \$0.002157 per gallon ($\$12.91 \div 5,984$ gallons).

2. Major Improvements to Post Point

The City developed a separate Capital Contribution Rate to capture the District's share of Major Improvements to the Post Point Treatment Plant. As described in the Agreement, the Capital Contribution Rate is set at 4.8% of Eligible Project Costs. This rate was calculated by dividing the District's Reserve Capacity of 2,400 gpm instantaneous flow by the Post Point Treatment Plant's current hydraulic capacity of 50,000 gpm instantaneous flow.

B. Apportionment Method

In previous years, the Parties utilized the Apportionment Method defined in the prior contract to determine the District's annual payment obligation to the City. This section of Appendix A provides excerpts from the FCSG Study that collectively describe the 2012 apportionment.

The apportionment described below was based on the District's reserved capacity under the prior contract of 3,200 gallons per minute ("gpm") peak instantaneous flow. Any future calculations shall be based on the then current contract peak capacity, which was 2,400 gpm at the time of execution of the Agreement. It is anticipated, but not required, that future volumetric rate calculations will be based on an average of the previous five years of expenses and annual flows.

1. O&M Costs

a. Lift Stations

Total allocable cost comes from the Sewer Treatment Plant Computerized Maintenance Management System (STP CMMS). The District’s pro-rata share is based on its allocated capacity as a percentage of firm capacity in the City’s lift stations. (“Firm capacity” is the capacity of a given pump station with the largest pump out of service.) Table 1 below sets forth the pumping capacity allocated to the District as of 2013, along with estimated firm capacity for all City pump stations for which data is available.*

Table 1: District Share of Pumping Capacity

Lift Station	Firm Capacity	District Share of Capacity	
		Amount	Percent
48 th Street (Lake Padden)	657 gpm	-	0%
Arbutus	90 gpm	-	0%
Bakerview Valley	147 gpm	-	0%
Briza Court	705 gpm	-	0%
C Street	413 gpm	-	0%
Fir	143 gpm	-	0%
Flynn	500 gpm	150 gpm	30.00%
Hilton	1,276 gpm	-	0%
Horton	749 gpm	-	0%
James	1,667 gpm	-	0%
Martin	338 gpm	-	0%
Meadowbrook Court	186 gpm	-	0%
Mitchell Way	162 gpm	-	0%
North Shore	1,500 gpm	150 gpm	10.00%
Oak Street	50,000 gpm	3,200 gpm **	6.40%

Old Edgemoor	147 gpm	-	0%
Pine	233 gpm	-	0%
Shorewood	71 gpm	-	0%
Silver Beach	571 gpm	150 gpm	26.27%
West Bakerview	251 gpm	-	0%
West Maplewood	565 gpm	-	0%
Willow Road	356 gpm	-	0%
Average District Share of Capacity			3.30%

**Firm capacity estimates for Flynn and North Shore come from manufacturer test data. For Oak Street, pump station flow is constrained by the flow that can be received by the treatment plant, so this figure represents maximum flow to the treatment plant. The other estimates come from Table 5.4 of the City's 2009 Comprehensive Sewer Plan.*

[** District capacity for future calculations shall be 2,400 gpm, or the then-current contract capacity.]

In the table above, the District's allocated share of lift station capacity is calculated as a simple average of its capacity share in each of the 22 lift stations for which data is available. This percentage (3.30%) is multiplied by the total lift station O&M cost from the STP CMMS to compute the lift station O&M cost allocated to the District. In the event that lift stations are added, retired, or altered in their design capacity in future years, Average District Share of Capacity shall be updated accordingly.

b. Treatment

The total allocable cost is defined by the City's sewer treatment plant (Group 632) operating budget, net of lift station O&M costs identified by the STP CMMS. The District's pro-rata share of these costs is based on its contracted share of capacity at the Post Point Sewer Treatment Plant. As of February 2013, the District share was 3,200 gpm (or 4.61 mgd) divided by 72.00 mgd = **6.40%**. In the event that future capital projects or regulatory changes alter the treatment plant's rated capacity, the District's share of treatment capacity shall be updated accordingly.

c. Conveyance

Total system conveyance O&M cost is defined by the City's sewer utility (Group 634) operating expenses, excluding administrative costs (Activities 112 and 114, operating budget) and taxes. Total system conveyance O&M costs are first allocated between mains that are along the District's transmission route and mains that are not, based on pipe length in lineal feet. **Table 2**

summarizes the mains used by the District and shows the calculation of the District share of total conveyance costs in 2013:

Table 2: District Share of Conveyance Capacity

Segment	Length	Total Capacity	District Share of Capacity	
	lineal feet	gpm	gpm	Percent
Academy to City Limits	4,030	1,250	150	12.00%
Van Horne (Britton Road) to Academy	1,930	1,670	150	8.98%
Park Place to Van Horne (Britton Road)	516	1,109	150	13.53%
Van Horne (Britton Road) to Martin	1,512	1,970	150	7.61%
Martin to Dakin	2,396	2,259	150	6.64%
Dakin to Flynn	2,612	2,696	150	5.56%
Silver Beach (Whatcom Creek) Trunk Sewer	12,253	23,000	3,200*	13.91%
Champion Street Box Culvert	6,352	23,000	3,200*	13.91%
Box Culvert to Oak Street Lift Station	3,723	45,000**	3,200*	7.11%
Oak Street Force Main (36" – 1974)	2,295	45,000**	3,200*	7.11%
Oak Street Force Main (42" – 2004)	2,447	45,000**	3,200*	7.11%
Oak Street Force Main to WWTP	10,634	45,000**	3,200*	7.11%
Total Length Along Transmission Route	50,700			
Weighted Average % of Capacity along Transmission Route				10.05%
Total City Sewer Mains	1,727,453			
Mains along LWWS D Transmission Route as % of Total City Mains				2.93%
District Share of Total Conveyance Costs				.29%

* District capacity for future calculations shall be 2,400 gpm, or the then-current contract capacity.

** For Oak Street, pump station flow is constrained by the flow that can be received by the treatment plant, so this figure should represent maximum flow to the treatment plant, or 50,000.

The District share of conveyance costs is $2.93\% \times 10.05\% = .29\%$ of total system conveyance O&M cost. As mains are added to the City sewer system, this percentage should be adjusted accordingly.

d. Administrative and General Expenses

The total allocable administrative cost basis is initially defined as the natural resources (Group 628) operating budget plus the administrative cost divisions excluded from the conveyance O&M cost basis (Group 634 operating budget, Activities 112 and 114), excluding taxes. The resulting administrative cost basis is divided by the total "direct operating cost" for pumping, treatment, and conveyance to derive an administrative mark-up percentage. This mark-up percentage is then applied to the District share of pumping, treatment, and conveyance O&M costs, in order to determine the District share of administrative costs.

For future rate calculations, the total allocable administrative cost basis can be the Sewer General Services expenses excluding taxes (basub 53510 - tax). This adjusted total will then be multiplied by the District's current contracted share of treatment capacity, which is 4.8% at the time this contract was originally signed.

2. Minor Capital Costs

a. Payment for District Minor Capital Cost Share as of December 31, 2012

The following principles were used to determine the District's future payment obligation for District minor capital cost share unpaid as of December 31, 2012.

- The Oak Street Pump Station and Force Main is a capital improvement recognized in previous agreements, and the District cost share is already on a 20-year payment schedule that includes both principal and interest. For this asset, the capital cost share not yet paid as of December 31, 2012 is \$522,280. The loan term, interest rate, and annual payments should continue as previously agreed.
- "Previously recognized transmission lines" refer to pipe segments that were recognized in previous agreements as serving the District, for which the District has been paying its capital cost share over the asset life. In order to determine future payments, these assets should be recognized at their net depreciated value as of December 31, 2012 and financed over a 20-year term at an interest rate of 5.2%.
- "Previously unrecognized assets" are assets resulting from capital expenditures relating to treatment and pumping facilities serving the District,

where the expenditures were incurred from 1994-2012 and where the District capital cost share was not previously defined. In order to determine future payments, previously unrecognized assets should be recognized at their net depreciated value as of December 31, 2012 and financed over a 20-year term at an interest rate of 5.2%.

b. Table 4

Table 4, below, sets forth the District's future payment obligation for its minor capital cost share as of December 31, 2012. These values were used for determining the capital portion of the volumetric rate. The values in this table establish a base for the District's share of minor capital projects through 2032.

c. Recalculating Payment for District Minor Capital Cost Share

In order to determine future payments, assets that serve the District should be recognized at their net depreciated value as of December 31, 2032 and financed over a 20-year term at an interest rate determined from a mutually agreed upon municipal bond index.

2. Table 4: District Payment Obligation for Capital Cost Share as of 12/31/2012

Asset	District Capital Cost Share as of 12/31/2012	Annual Payment Obligation	Term
Oak Street PS and Force Main	\$522,289	\$46,224	Through 2026
<i>Previously Recognized Transmission Lines:</i>			
Champion Street Box Culvert	1,945	159	Through 2032
Van Horne-Academy	1,109	90	Through 2032
Academy-City Limits	458	37	Through 2032
<i>Previously Unrecognized Assets:</i>			
North Shore Lift Station	8,198	669	Through 2032
Flynn Street Pump Station	9,871	806	Through 2032
Post-1991 Post Point WWTP Improvements	531,846	43,403	Through 2032
Total as of 12/31/2012	\$1,075,716		
Total Annual Payments 2013-2026		\$91,388	

Total Annual Payments 2027-2032		\$45,164	
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Based on the Apportionment Methodology outlined above, the actual cost attributable to the District for 2012 is approximately \$635,000.

IV. NEGOTIATED RATE FOR NEW SEWAGE AGREEMENT

As noted above, the Apportionment Methodology results in a total payment obligation for 2012 of approximately \$635,000. The total 2012 flow from the District to the City was approximately 308,000,000 gallons. The Parties used this data to compute a volumetric rate for 2013 of \$0.002061 per gallon ($\$635,000 \div 308,000,000$). When compared to the volumetric rate determined by the City under the cost of service methodology described further above (\$0.002157 per gallon), the difference was found to be within the margin of error. Therefore, the Parties agreed upon a negotiated per gallon rate of \$0.002061, adjusted by the CPI-U increase for 2013 as reported on November 20, 2013 at 0.6%, resulting in the 2014 Volumetric Rate contained in the Agreement of \$0.002073 per gallon.

In addition, the Parties agreed upon a Capital Contribution Rate contained in the Agreement of 4.8% for Major Improvements to the Post Point Treatment Plant. The Capital Contribution Rate was separated from the Volumetric rate to allow the District the option of paying in a single lump sum payment or by regular payments over a period of time.

This Appendix A is provided for background purposes only. To the extent there are any inconsistencies between Appendix A and the Agreement, the Agreement shall control.



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	February 3, 2014		
TO BOARD OF COMMISSIONERS			
FROM: Bill Hunter	MANAGER APPROVAL <i>Bill Hunter</i>		
MEETING AGENDA DATE:	February 12, 2014		
AGENDA ITEM NUMBER:	5.C.		
SUBJECT:	Boulevard Sewer Pump Station Engineering Contract – Amendment #1 Design and Bidding		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL: _____	1. Scope of Work & Fee Estimate		
	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

RH2 has essentially completed Phase 1 work which included topographic surveying, predesign report, board presentation, meeting with neighbors, and submittal of Shoreline Substantial Development Permit application to Whatcom County. The only remaining item for Phase 1 is the shoreline permit public hearing. Whatcom County has not yet set a date for the hearing.

Staff and RH2 are ready to begin Phase 2 work. Phase 2 includes detailed design, development of construction contract documents (plans & specifications), additional permitting, and services during bidding.

Below is the tentative project schedule:

February, March	Design & Contract Documents, Permitting
April	Advertise Invitation to Bid
Early May	Bid Opening, Contract Award
June	Notice to Proceed
June-September	Construction

FISCAL IMPACT

In summary, consulting engineer expenses are within project budget estimates incorporated in the District’s approved 2014 budget.

Project Budget vs. RH2 Contract:

	CIP Budget Estimates	RH2 Contract
Phase 1 - Pre-Design, Shoreline Permit	\$ 90,000	\$89,771 <i>(Original Contract)</i>
Phase 2 – Design & Bidding	\$120,000	\$96,424 <i>(Amendment #1)</i>
Phase 3 – Contract Admin & Inspection	\$100,000	\$ <i>(to be determined)</i>
Construction Contract Budget	<u>\$350,000</u>	
Total Project Budget	\$660,000	

As a side note, as of 1/31/2014 RH2 essentially completed Phase 1 work \$22,000 under their not-to-exceed contract amount of \$89,771. Phase 1 work also includes a shoreline permit public hearing which has not yet been scheduled by Whatcom County. It appears Phase 1 will be completed well under RH2’s not-to-exceed budget.

RECOMMENDED BOARD ACTION

See proposed motion.

PROPOSED MOTION

Authorize the General Manager to execute A/E (architectural / engineering) Agreement Amendment #1 for Phase 2 work for a not-to-exceed amount of \$96,424.

Exhibit A
Contract Amendment No. 1
SCOPE OF WORK
Lake Whatcom Water and Sewer District
Boulevard Sewer Pump Station Improvements
Phase 2 – Design
January 2014

BACKGROUND

The Boulevard Sewer Pump Station has been identified by Lake Whatcom Water and Sewer District (District) staff as needing replacement. After approximately 40 years of continual service, the pump station is at the end of its useful life. RH2 Engineering, Inc., (RH2) was retained by the District to assist with preparing the design of the pump station improvements.

The District believes the wetwell is in good condition but wishes to provide a force account lump sum bid item to cover the inspection, repair and/or lining of the wetwell once it has been reviewed in full during construction.

RH2 has completed the predesign phase of the Boulevard Sewer Pump Station Improvements project. During predesign, pump and site alternatives were analyzed. The District requested RH2 investigate various pumps, including Flygt, Ebara, Hydromatic, Vaughn Chopper, E-one and Gorman Rupp to select the preferred alternative for the sewer pump station. The predesign report outlined the sewer pump station's preferred alternative, including the pumps, mechanical layout and power and telemetry panels.

During the predesign phase, RH2 attended a Board of Commissioner (Board) meeting. A public meeting was held with adjoining neighbors to the pump station. RH2 provided recommendations to District staff and the Board and was directed to proceed with design at the conclusion of the predesign phase.

State Environmental Policy Act (SEPA) review by the District and Whatcom County (County) Shoreline substantial development permits are in process (as of December 19, 2013) and will be submitted as part of the predesign phase in January 2014. RH2 will provide additional permitting assistance during the design phase of the project as outlined in this Scope of Work.

Major Scope Elements

The major elements of this Scope of Work are summarized as follows.

- Provide 60-percent, 90-percent (permit ready) and final construction plans, specifications and construction cost estimates for Boulevard Sewer Pump Station.
- Prepare permit applications, including revocable encroachment permit and preliminary stormwater permit for the County. *It is assumed that no other County permits are necessary based on a pre-application meeting with the County, which occurred on December 19, 2013. If changes are necessary based on subsequent County review, they may be made by amendment to this Scope of Work.*
- Support services during bidding to include up to two (2) addenda responding to contractor questions, review of contractor qualifications and recommendation of the contractor(s).
- Meet with the District staff to review plans and specifications at 60- and 90-percent complete.

- Additional services during construction will be accommodated by amendment to this Scope of Work.

PHASE 2 – DESIGN

Task 1: Project Management

Objective: Organize, manage and coordinate disciplines and provide quality assurance and control to complete the Scope of Work in close coordination with District staff.

Approach:

- 1.1 Prepare meeting agendas for meetings with District staff described in this Scope of Work.
- 1.2 Prepare meeting minutes for meetings with District staff described in this Scope of Work.
- 1.3 Prepare monthly invoices and ongoing progress communication.
- 1.4 Prepare for and attend 60-percent review meeting with the District. It is assumed this meeting will take approximately two (2) hours.
- 1.5 Prepare for and attend 90-percent review meeting with the District. It is assumed this meeting will take approximately two (2) hours.
- 1.6 Maintain frequent client communications, including phone calls and emails, in addition to progress meetings.
- 1.7 Prepare and update project schedule.

Products

- Meeting agendas and minutes for meetings listed above, project schedule, monthly invoices and on-going correspondence.

Task 2: Standard Sewer Pump Station Design Plans and Specifications

Objective: Prepare standard design plans and specifications for the Boulevard Sewer Pump Station improvements.

Approach:

- 2.1 Create cover sheet, including sheet index and vicinity map.
- 2.2 Create general notes sheet (approximately one (1) sheet total).
- 2.3 Create standard details sheet (approximately one (1) sheet total).
- 2.4 Create site details sheet (approximately one (1) sheet total).
- 2.5 Create a traffic control plan to divert Lake Whatcom Boulevard to use the south shoulder providing additional work area adjacent the wetwell. (approximately one (1) sheet total).
- 2.6 Create structural details sheet (approximately one (1) sheet total).
- 2.7 Create mechanical detail sheet (approximately one (1) sheet total).
- 2.8 Create electrical details and control logic diagram sheets (approximately four (4) sheets total).
- 2.9 Develop technical specifications for the entire project.
- 2.10 Develop legal specifications for the entire project. *It is assumed District standard legal specifications will be used.*

Products

- Standard design plan sheets for 60- and 90-percent review and 100-percent plans, including three (3) half-size sets each for the 60- and 90-percent review and one (1) full-size electronic PDF set of bid ready plans. *It is assumed that production of bid sets will be by outside production via Applied Digital Imaging and WCR Publications.*
- PDF copies of technical and legal specifications will be provided for the 60- and 90-percent review, and PDF copies of 100-percent specifications will be provided to the District, Applied Digital Imaging and WCR Publications.

Task 3: Specific Plans for Boulevard Sewer Pump Station

Objective: Develop design plans, specifications and construction cost estimate for the Boulevard Sewer Pump Station improvements based on the decisions made during the predesign effort.

Approach:

- 3.1 Develop mechanical plan and elevation (approximately one (1) sheet total).
- 3.2 Develop electrical and telemetry plans (approximately four (4) sheets total).
- 3.3 Prepare 60-percent design construction cost estimate.
- 3.4 Incorporate comments from the 60-percent review meeting into the design plans and specifications.
- 3.5 Prepare 90-percent design cost estimate.
- 3.6 Incorporate comments from the 90-percent review meeting into the design plans and specifications.
- 3.7 Prepare final construction cost estimate.

Products

- Boulevard Sewer Pump Station design plan sheets for 60- and 90-percent review, and 100-percent plans, including three (3) half-size sets each for the 60- and 90-percent review, and one (1) full-size PDF set of bid-ready plans.
- An electronic PDF and (1) one paper copy of technical and legal specifications for 60-and 90-percent review, and electronic PDF copies of 100-percent specifications will be provided to the District and production company.
- Construction cost estimate for 60- and 90-percent review, and the final construction cost estimate as an electronic PDF emailed to the District.

Task 4: Additional Permitting

Objective: Assist the District with the remaining permitting requirements for the project. This effort includes preparing applications for revocable encroachment and Stormwater Pollution Prevention Plan permit for the County.

Approach:

- 4.1 Prepare revocable encroachment permit.
- 4.2 Prepare Stormwater Pollution Prevention Plan (SWPPP) permit.
- 4.3 Maintain ongoing correspondence regarding permits through review completion by County staff.

Products

- Completed permit application forms and background documentation for submittal to authorities with jurisdiction. *Services for additional permits or resubmittals will be accommodated by amendment to this Scope of Work as required. All permit fees imposed by the County shall be paid for by the District.*

Task 5: Services During Bidding

Objective: Assist the District with the bidding process.

Approach:

- 5.1 Prepare and compile a complete set of plans and specifications in PDF format. Deliver to Applied Digital Imaging for production and WCR Publications for publication via the internet. *Note: Production costs are not part of this Scope of Work but will be billed to the District by Applied Digital Imaging directly.*
- 5.2 Assist the District with the advertisement for bids.
- 5.3 Respond to contractor or supplier questions during a two (2)-week bidding period.
- 5.4 Maintain a planholders list which will be combined from tracking available from Applied Digital Imaging and the WCR Publications.
- 5.5 Issue up to two (2) addenda if needed to clarify, revise, or change construction plans, technical specifications, or project conditions during the bidding process.
- 5.6 Attend pre-bid walkthrough.
- 5.7 Attend bid-opening and prepare bid tabulation.
- 5.8 Review the lowest bidder information, contact up to five (5) references, and provide contract award recommendation to the District.
- 5.9 Prepare notice of intent to award letter to the lowest responsible bidder.
- 5.10 Prepare notice to proceed letter to the lowest responsible bidder.

Products

- PDF bidding documents, PDF and DWF format plan sets, bid tab (via email), and bid recommendation.

District Responsibilities and Products

- Pay all County permit fees.
- Attendance at the following:
 - Meeting with the County for permit submittal as necessary;
 - 60-percent, 90-percent and 100-percent construction document review meetings;
 - Pre-bid walkthrough; and
 - Bid opening.
- Advertise the project for bidding. *It is recommended that the project be advertised in the Bellingham Herald, DJC and WCR Publications.*

- Pay production fees as necessary by Applied Digital Imaging for two (2) RH2 copies, necessary District copies and construction sets. Bid sets can be paid for by bidding contractors.
- Distribute construction documents and addenda to prospective bidders (*or pay Applied Digital Imaging for this service*).
- Maintain plan holders list during bidding (*or pay Applied Digital Imaging for this service*).

RH2 Products

- Meeting agendas for above-listed meetings.
- Meeting minutes for above-listed meetings.
- Monthly invoices with attached schedule adjustments, accomplishments, and future work outline.
- Completed permit application forms and supporting documents for submission to authorities with jurisdiction.
- Review plans and specifications for 60-, 90-, and 100-percent (assuming two (2) half-size plan sets for each meeting).
- Bid documents in PDF format for production by others.
- Up to two (2) addenda to clarify the construction documents as necessary.
- Bid tabulation.
- Contractor recommendation to board.
- Notice of intent to award and notice to proceed letters to the lowest responsible bidder.

EXHIBIT B
Lake Whatcom Water and Sewer District
Boulevard Sewer Pump Station Improvements
Amendment No. 1 - Phase 2 - Design
Estimate of Time and Expense

	Description	Project Review	Senior Technical Consult	Project Manager	Project Engineer Mech/Civil	Project Manager Electrical	Staff Engineer Electrical	Project Engineer Structural	Project Manager Structural	Staff Engineer Mech/Civil	Staff Scientist	Word Processor	Total Hours	Total Labor	Subconsult. Cost	Total Expense	Total Cost
	Classification	Professional V	Professional VIII	Professional V	Professional V	Professional VI	Professional II	Professional IV	Professional VII	Professional I	Professional II	Administrative II					
		Bret B	Rick B	Dan B	Edwin	Chris	Mark B	Jon C	Karen	Jon Gibson	Nikki	Jack					
Phase 2 - Design																	
Task 1	Project Management																
1.1	Prepare Meeting Agendas	-	-	4	-	-	2			-	-	1	7	\$ 1,047	\$ -	\$ 67	\$ 1,114
1.2	Prepare Meeting Minutes			4		-	2			-	-	1	7	\$ 1,047	\$ -	\$ 68	\$ 1,115
1.3	Prepare Invoices and Progress Updates	-	-	6	-	-				-	-	2	8	\$ 1,178	\$ -	\$ 28	\$ 1,206
1.4	Prepare for and Attend 60 Percent Review Meeting	1	2	8	2	2	4	4		-	-	-	23	\$ 3,878	\$ -	\$ 237	\$ 4,115
1.5	Prepare for and 90-percent Review Meeting	1	2	8	-	2	4	2		-	-	-	19	\$ 3,210	\$ -	\$ 183	\$ 3,393
1.6	Maintain Client Communication	-	-	8	-	-				-	-	1	9	\$ 1,449	\$ -	\$ 57	\$ 1,506
1.7	Prepare Project Schedule	-	-	4	-	-				-	-	1	5	\$ 761	\$ -	\$ 28	\$ 789
	Subtotal	2	4	42	2	4	12	6	-	-	-	6	78	\$ 12,670	\$ -	\$ 667	\$ 13,237
Task 2	Standard Sewer Pump Station Design Plans and Specifications																
2.1	Create Cover Sheet	-	-	1	1	-	-	-		6	-		8	\$ 1,130	\$ -	\$ 173	\$ 1,303
2.2	Create General Notes Sheet	-	-	4	2	-	-			8	-		14	\$ 2,080	\$ -	\$ 256	\$ 2,336
2.3	Create Standard Details Sheet	-	-	4	-	-				12	-		16	\$ 2,260	\$ -	\$ 339	\$ 2,599
2.4	Create Site Details Sheet	-	1	4	-	-				12	-	1	18	\$ 2,536	\$ -	\$ 339	\$ 2,875
2.5	Prepare Traffic Control Plan	-	1	4	-	-				12	-	-	17	\$ 2,463	\$ -	\$ 339	\$ 2,802
2.6	Create Structural Details Sheet	-	1	2	-	-		10	1	10	2	-	26	\$ 3,958	\$ -	\$ 421	\$ 4,379
2.7	Create Mechanical Details Sheet	-	-	4	2	-				16	-	-	22	\$ 3,128	\$ -	\$ 449	\$ 3,577
2.8	Create Electrical Details and Control Logic Sheets	-	-	2	-	4	12			-	-	-	18	\$ 2,780	\$ -	\$ 296	\$ 3,076
2.9	Develop Technical Specifications	1	-	24	2	6	12			-	2	4	51	\$ 8,018	\$ -	\$ 467	\$ 8,485
2.10	Develop Legal Specifications	1	1	8	-	-				-	-	4	14	\$ 2,043	\$ -	\$ 73	\$ 2,116
	Subtotal	2	4	57	7	10	24	10	1	76	4	9	204	\$ 30,395	\$ -	\$ 3,162	\$ 33,548
Task 3	Specific Plans for Boulevard Sewer Pump Station																
3.1	Develop Mechanical Plan and Elevation	-	-	4	1	-	-			16	-		21	\$ 2,956	\$ -	\$ 449	\$ 3,405
3.2	Develop Electrical and Telemetry Plans	-	-	2	-	12	48			4	-		66	\$ 9,892	\$ -	\$ 1,210	\$ 11,102
3.3	Prepare 60-percent Construction Cost Estimate	-	-	4	-	1	4			2	-		11	\$ 1,702	\$ -	\$ 174	\$ 1,876
3.4	Incorporate 6-percent Comments	1	1	1	-	4	12			12	-		31	\$ 4,555	\$ -	\$ 756	\$ 5,311
3.5	Prepare 90-percent Construction Cost Estimate	-	-	2	-	1	4			-	-		7	\$ 1,096	\$ -	\$ 119	\$ 1,215
3.6	Incorporate 90-percent Comments Incorporation	-	-	4	-	2	8			16	-		30	\$ 4,288	\$ -	\$ 784	\$ 5,072
3.7	Prepare Final Cost Estimate	-	-	4	-	-	2			-	-		6	\$ 974	\$ -	\$ 56	\$ 1,030
	Subtotal	1	1	21	1	20	78	-	-	50	-	-	172	\$ 25,463	\$ -	\$ 3,548	\$ 29,011
Task 4	Additional Permitting																
4.1	Prepare Revocable Encroachment Permit	-	-	2	-	-				4	8	1	15	\$ 2,085	\$ -	\$ 263	\$ 2,348
4.2	Prepare SWPPP	8	-	1	-	-	-	-		-	-	2	11	\$ 1,694	\$ -	\$ 43	\$ 1,737
4.3	Maintain Permit Correspondence	-	-	4	-	-	-			-	4	1	9	\$ 1,333	\$ -	\$ 94	\$ 1,427
	Subtotal	8	-	7	-	-	-	-	-	4	12	4	35	\$ 5,112	\$ -	\$ 400	\$ 5,512
Task 5	Services During Bidding																
5.1	Coordinate Final Plans Production	-	-	2	-	-	4	-	-	4	-	4	14	\$ 1,732	\$ -	\$ 230	\$ 1,962
5.2	Assist with Advertisement for Bids	-	-	2	-	-		-		-	-	1	3	\$ 417	\$ -	\$ 32	\$ 449
5.3	Respond to Contractor Questions	-	1	8	8	2	8	1		-	-	1	29	\$ 4,694	\$ -	\$ 358	\$ 5,052
5.4	Maintain Planholders List	-	-	2	-	-	-	-	-	-	-	1	3	\$ 417	\$ -	\$ 1	\$ 418
5.5	Issue Addenda	1	1	6	-	2	4	2		2	-	4	22	\$ 3,217	\$ -	\$ 206	\$ 3,423
5.6	Attend Pre-bid Walkthrough	-	-	4	-	-		-		-	-	-	4	\$ 688	\$ -	\$ 43	\$ 731
5.7	Attend Bid Opening and Prepare Bid Tab	-	-	4	-	-	-	-	-	1	-	1	6	\$ 892	\$ -	\$ 56	\$ 948
5.8	Review Bidder Information	-	-	4	-	-				4	-	-	8	\$ 1,212	\$ -	\$ 112	\$ 1,324
5.9	Prepare Notice of Intent Letter	-	-	1	-	-	-	-		1	-	1	3	\$ 376	\$ -	\$ 28	\$ 404
5.10	Prepare Notice to Proceed Letter	-	-	1	-	-	-	-		1	-	1	3	\$ 376	\$ -	\$ 28	\$ 404
	Subtotal	1	2	34	8	4	16	3	-	13	-	14	95	\$ 14,021	\$ -	\$ 1,095	\$ 15,116
Total		14	11	161	18	38	130	19	1	143	16	33	584	\$ 87,562	\$ -	\$ 8,862	\$ 96,424



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	February 3, 2014		
TO BOARD OF COMMISSIONERS			
FROM: Bill Hunter	MANAGER APPROVAL <u>Bill Hunter</u>		
MEETING AGENDA DATE:	February 12, 2014		
AGENDA ITEM NUMBER:	5.D.		
SUBJECT:	Strawberry Point Sewer Pump Station – Pre-design Engineering Contract		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. Scope of Work and Fee Estimate		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL/ OTHER <input type="checkbox"/>

The District published a Request for Proposals for engineering and architectural services that included four individual projects in the Bellingham Herald on 1/25/2013. Six firms responded with proposals. A selection committee was formed which included staff and two commissioners to evaluate and select the most qualified firm(s) for each project.

At the March 13, 2013 board meeting, the Board of Commissioners formally selected the following firms based on recommendations from the selection committee:

SVWTP Generator Replacement	RH2 Engineering, Inc.
Strawberry Pt. and Boulevard Sewer Pump Stations	RH2 Engineering, Inc.
Division 22 Reservoir	Grey & Osborne, Inc.
Geneva Area AC Water Main Replacement	Wilson Engineering, LLC

At that time funding for only the SVWTP Generator Replacement was determined. However, since then funding for the other projects has been secured. In the spring/summer of 2013 the District applied for and received low interest (1.5% for 20-years) loan funding for both the Division 22 Reservoir (\$1M) and Geneva Area AC Water Main Replacement (\$2.4M) projects. Boulevard Sewer Pump stations is funded by cash flow with construction occurring summer 2014. Strawberry Point Sewer Pump Station is also funded by cash flow with construction occurring summer 2015.

To be ready for Strawberry Point Sewer Pump Station construction in summer 2015, Pre-design work and Whatcom County Substantial Shoreline Development permitting needs to begin in 2014.

FISCAL IMPACT

Strawberry Point Sewer Pump Station Phase 1 - Predesign and Shoreline Permitting is incorporated in the District's approved 2014 budget. Phase 2, 3, & construction are scheduled for 2015 in the capital improvement plan.

Project Budget Summary:

	CIP Budget Estimates	RH2 Contract
Phase 1 - Pre-Design, Shoreline Permit	\$100,000	\$101,453 <i>(Proposed Contract)</i>
Phase 2 – Design & Bidding	\$120,000	\$ <i>(to be determined – Year 2015)</i>
Phase 3 – Contract Admin & Inspection	\$100,000	\$ <i>(to be determined – Year 2015)</i>
Construction Contract Budget	\$372,250 <i>(Year 2015)</i>	
Total Project Budget	\$692,250	

RECOMMENDED BOARD ACTION

See proposed motion.

PROPOSED MOTION

Approve RH2 Engineers Phase 1 Scope of Work and Fee Estimate for time and materials not to exceed \$101,453; and authorize the General Manager to execute an Architectural/Engineering Agreement.

Exhibit A
Lake Whatcom Water and Sewer District
Strawberry Point Sewer Pump Station Improvements
Scope of Work
District Project No.: C1405
February 2014

Background

The Lake Whatcom Water and Sewer District's (LWWSD) Strawberry Point Sewer Pump Station is located along Lake Whatcom Boulevard in a constrained and challenging construction environment. LWWSD requested RH2 Engineering, Inc., (RH2) to provide alternatives and design improvements to the sewer pump station.

The Strawberry Point Pump Station is within 5 feet of a small creek and inside a concrete vault with the open side limiting vertical access to the mechanical equipment. The inlet sewer main comes from the lake side. Temporary pumping will need to include hoses in critical areas adjacent to Lake Whatcom.

Based on discussions with LWWSD personnel, the likely alternatives will include rehabilitation of the wetwells, including adding manhole sections to raise the finished grade to road shoulder elevations and converting the pump system to a submersible pump station, which will include new telemetry and controls, metering, and emergency power generation pig tail connection points for LWWSD's portable generator. Other options will be considered before pursuing the final design, which will be based on LWWSD's decision, with adjacent neighbors and Whatcom County (County) input.

Major Scope Elements

The major elements of this Scope of Work are summarized as follows.

- Review existing equipment and facilities.
- Meet with LWWSD staff to review design criteria.
- Develop and review alternatives.
- Develop permitting criteria, including Shoreline Substantial Development Permit and Variance, Hydraulic Permit Approval, meet with the County for a pre-application meeting, submit shoreline permit forms to the County, and attend one (1) public hearing.
- Prepare a predesign report containing a decision on alternatives related to new pumps and controls, including metering.
- Meet with the LWWSD Board of Directors and affected neighbors to review the predesign report and receive acceptance for the proposed alternatives.
- Additional permitting, design, and services during bidding and construction will be accommodated by a subsequent scope of work.

Phase 1 – Predesign and Permitting

Task 1: Project Management

Objective: Organize, manage, and coordinate disciplines and provide quality assurance and control to complete the Scope of Work on schedule and in close coordination with LWWSD staff.

Approach:

- 1.1 Prepare meeting agendas for meetings with LWWSD staff described in this Scope of Work.
- 1.2 Prepare meeting minutes for meetings with LWWSD staff described in this Scope of Work.
- 1.3 Prepare monthly invoices and provide ongoing progress updates.
- 1.4 Maintain ongoing client communications, including phone calls and emails.
- 1.5 Prepare and update project schedule.

RH2 Products:

- Meeting agendas and minutes for meetings as listed in this Scope of Work.
- Monthly invoices.
- Ongoing correspondence.

Task 2: Topographic Survey

Objective: Obtain current electronic survey data, including invert piping elevations, existing manhole and wetwell piping elevations, overhead utility locations, and overhead clearance to develop predesign and future design elements.

Approach:

- 2.1 Coordinate with Larry Steele and Associates (LSA) to survey the two (2) sites, including an alignment (swath) from nearest upstream manholes for temporary pumping system design. *Survey costs are included in this Scope of Work for the Strawberry Point site. Horizontal datum NAD 83/91, vertical datum City of Bellingham Vertical Datum.*
- 2.2 Review topographic survey information on site and update survey drawings based on site review. In particular, review upstream inlet manholes for temporary pumping needs.

RH2 Products:

- LSA will provide AutoCAD® electronic survey data on a CD and one (1) paper copy to RH2.
- Provide AutoCAD and PDF electronic survey files to LWWSD.

Task 3: Information Gathering – Sewer Pump Station

Objective: Document existing pump station information, review temporary bypass locations, develop alternatives, evaluate alternatives for replacement of the sewer pump stations to accommodate LWWSD's goals, and meet neighborhood and permit review criteria.

Approach:

- 3.1 Review as-builts provided by LWWSD and integrate into 3D AutoCAD models.
- 3.2 RH2 to visit the site and document existing conditions, including digital photographs, measurements of pumps, intakes, and wetwell.

- 3.3

Conduct one (1) meeting with LWWSD staff to review temporary pumping port locations and coordinate LWWSD-directed construction to facilitate improvements.
- 3.4

Document peak and average day flows, and historical growth rates from available LWWSD data for the site (pump run times and the 2007 Comprehensive Sewer Plan). *It is assumed LWWSD will provide this data via email PDF scan or hard copy mailing to RH2.*
- 3.5

Complete drawdown test at Strawberry Point Sewer Pump Station to document influent flow and discharge capacity. *It is assumed that LWWSD will provide all equipment and maintenance personnel for the drawdown test.*
- 3.6

Review basins and percentage of developed and undeveloped parcels to determine growth rates within the pump station basin and identify projections for future connections to the sewer pump station. *It is assumed that GIS data will be provided by LWWSD.*
- 3.7

Compare sewer connections with average and high flows to verify flow rates and percentage of infiltration and inflow (I&I) for the pump station basin.
- 3.8

Meet with LWWSD staff to develop up to three (3) pumping alternatives for the pump station site.
- 3.9

Develop design criteria checklist from alternatives chosen in order to evaluate alternatives.
- 3.10

Provide a preliminary construction cost estimate for the Strawberry Point Sewer Pump Station Improvements alternatives.

RH2 Products:

- AutoCAD topographic survey data.
- Existing as-built review documentation, including historic flow and pump run times, and average day flows incorporating growth rates.
- Design and permitting criteria.
- Preliminary construction cost estimates and operations and maintenance (O&M) cost comparisons of alternatives.

Task 4: Information Gathering – Power and Telemetry

Objective: Document existing pump station electrical, power, and telemetry information. Evaluate alternatives for replacement of the generator pig tail connection and telemetry equipment to accommodate LWWSD’s goals and meet neighborhood and permit review criteria.

Approach:

- 4.1

Review emergency power generator conditions from as-built data and maintenance records available from LWWSD. Conduct one (1) site visit to document and photograph existing systems.
- 4.2

Review telemetry conditions from as-built data and records made available by LWWSD and visit the project site to document and photograph existing systems.
- 4.3

Meet with LWWSD staff to develop up to three (3) power supply and telemetry control alternatives for the pump station site.
- 4.4

Develop power and telemetry control design criteria for the site based on proposed pump sizing criteria developed in Task 3 and design criteria for control systems.

RH2 Products:

- Electrical and telemetry design criteria.

Task 5: Permit Identification and Submission

Objective: Review permit requirements for preferred alternatives. Prepare 20-percent plans for permit submittal. Complete permit forms and coordinate with the County.

- 5.1 Develop permit criteria for each alternative to present to the County. *It is assumed a Shorelines Substantial Development Permit and Variance and Building Permit will be required for the alternatives chosen. Any other required permits shall be prepared under an amendment to this Scope of Work. Draft building permit submittal will be completed via a future scope of work and completed during the design phase.*
- 5.2 Meet with LWWSD staff to review alternatives and confirm permit criteria and permit review timelines. Provide a memorandum summarizing required permits and documenting why the permit is required.
- 5.3 Prepare for and attend a pre-application conference with County staff to review permit memo. *Any County fees required shall be paid for by LWWSD and are not included in this Scope of Work. It is assumed one (1) meeting can be set to address the Strawberry Point Sewer Pump Station site.*
- 5.4 Prepare permit forms and plans as required assuming Shoreline Substantial Development Permits and Variance. *Building permits and revocable encroachment, if needed, will be applied for during the design phase of this project and will be accommodated by a subsequent scope of work*
- 5.5 Prepare Hydraulic Project Approval permit forms for stream impacts and submit to the County and the U.S. Army Corps of Engineers (USACE). This includes providing 8.5-inch by 11-inch black and white schematic plans for USACE review.
- 5.6 Attend one (1) Public Hearing for the shorelines permit process.

RH2 Products:

- A memorandum detailing required permits for chosen alternatives to be submitted via e-mail to LWWSD.
- Project file to submit to the County “buy-in” on permitting approach.
- Pre-application meeting minutes.
- Shoreline Permit forms and plans for the pump station permit submittal.
- Hydraulic Project Approval Permit forms.

Task 6: Predesign Report

Objective: Provide written report of existing conditions, alternatives, costs and chosen alternative based on design criteria, LWWSD, and neighborhood involvement.

- 6.1 Prepare project background for the Strawberry Point Sewer Pump Station site and describe each of the three (3) (pumping, power, and telemetry) alternatives.
- 6.2 Prepare schematic figures of the improvement alternatives.
- 6.3 Develop ranking system to include cost, neighborhood input, and LWWSD staff input to decide preferred alternative
- 6.4 Complete draft predesign report and deliver to LWWSD for review.
- 6.5 Prepare neighborhood flyers to affected people within 200 feet of the project sites and provide PDF copy for LWWSD to produce. *It is assumed LWWSD will produce and mail the flyers.*

- 6.6 Attend and present alternatives in one (1) special public meeting with the neighborhood. Neighbors will review the alternatives via full-size posters provided by RH2. RH2 will recommend an alternative and request input from neighbors.
- 6.7 Finalize predesign report with comments provided during the special public meeting. *It is assumed the report finalization will be minor, as shown in the Fee Estimate.*
- 6.8 Attend and present preferred alternatives, including comments received during the special public meeting, to the LWWSD Board of Directors. This will include review of the predesign report and the chosen alternatives for each site. Pursue Board of Directors input and acceptance of recommended alternatives for each site.
- 6.9 Update final predesign report based on the Board of Director meeting comments. *It is assumed the report finalization will be minor, as shown in the Fee Estimate.*

RH2 Products:

- Two (2) copies of a draft predesign report.
- Draft of the finalized predesign report as a PDF on a CD, and eight (8) hard copies, including each of the three project sites and three (3) full-size (24-inch by 36-inch) figures for the special public meeting and Board meeting.
- Final predesign report – one (1) hard copy, one (1) additional for RH2 files, and (1) CD containing a PDF of the full report. All figures will be 11-inch by 17-inch format (ANSI B).

Task 7: Begin Design

Objective: Provide a limited budget to carry over to the design phase of the project to begin design of the chosen alternatives for each site. *Note: The budget for this task is intended for continuation of the project at the transition from predesign to design.*

- 7.1 Attend one (1) scoping meeting to review the proposed alternatives and design elements with LWWSD staff.
- 7.2 Begin design of the proposed improvements during same time as scope development for the final design and bidding phase.
- 7.3 Perform up to two (2) test pits at the preferred location of proposed improvements to determine bearing capacity, fill placement, settlement concerns, and groundwater location. Prepare geotechnical memorandum summarizing findings. *Note: It is assumed an LWWSD operator and backhoe will be utilized to perform the test pits.*

RH2 Products:

- Geotechnical memorandum submitted as a PDF via email.

Provided by LWWSD:

1. All as-built data for the sewer pump station site.
2. All flow meter and pump run and stop data available for the site for the last three (3) years. Information shall include previous drawdown testing information, and pump run times.
3. GIS data of pump station basins, piping and manholes, force mains, customers presently connected to the system, and lots presently vacant.
4. Production and mailing of flyers for public attendance at special public meeting.
5. Attendance at the following.

- Temporary bypass meeting.
- Alternative development meeting for pumping, power, and telemetry improvements.
- Site visit.
- Meeting with the County to confirm permitting criteria.
- Special public meeting to review alternatives with affected neighbors.
- Board meeting to review predesign report.
- Scoping meeting for design phase.

EXHIBIT B

**Lake Whatcom Water and Sewer District
Strawberry Point Sewer Pump Station Improvements
Contract No. 1
Estimate of Time and Expense**

	Description	Project Review	Senior Technical Consult	Project Manager	Project Engineer Mech/Civil	Project Engineer Electrical	Project Manager Electrical	Project Engineer Structural	Project Manager Structural	Staff Engineer Mech/Civil	Staff Scientist	Word Processor	Total Hours	Total Labor	Subconst. Cost	Total Expense	Total Cost
	Classification	Professional V	Professional VIII	Professional V	Professional V	Professional VI	Professional II	Professional IV	Professional VII	Professional III	Professional II	Administrative II					
		Bret B	Rick B	Dan B	Edwin	Chris	Mark B	Jon C	Karen	Ryan F	Nikki	Jacki					
Phase 1 - Predesign and Permitting																	
Task 1	Project Management																
1.1	Prepare Meeting Agendas	-	-	4	1	1	2			-	-	1	9	\$ 1,399	\$ -	\$ 14	\$ 1,413
1.2	Prepare Meeting Minutes	-	-	8	1	1	2			-	-	1	13	\$ 2,087	\$ -	\$ 15	\$ 2,102
1.3	Prepare Invoices and Provide Progress Updates	-	-	8	-	-				-	-	2	10	\$ 1,522	\$ -	\$ 3	\$ 1,525
1.4	Maintain Ongoing Client Communications, Including Phone Calls and Emails	1	2	8	2	4	2	4		-	-	-	23	\$ 3,534	\$ -	\$ 179	\$ 3,714
1.5	Prepare and Update Project Schedule	1	2	8	-	-				-	-	-	11	\$ 1,897	\$ -	\$ 68	\$ 1,966
	Subtotal	2	4	36	4	6	6	4	-	-	-	4	66	\$ 10,440	\$ -	\$ 280	\$ 10,719
Task 2	Topographic Survey																
2.1	Coordinate with LSA	-	-	4	-	-		-	-	-	-	1	5	\$ 761	\$ 6,095	\$ 14	\$ 6,870
2.2	Review Survey Information	-	-	4	-	-	4		-	-	-	-	8	\$ 1,260	\$ -	\$ 16	\$ 1,276
	Subtotal	-	-	8	-	-	4	-	-	-	-	1	13	\$ 2,021	\$ 6,095	\$ 30	\$ 8,146
Task 3	Information Gathering - Sewer Pump Station																
3.1	Review As-builts, Integrate into 3D Models	-	-	4	4	4	16	4		16	-		48	\$ 7,448	\$ -	\$ 890	\$ 8,338
3.2	Document Existing Conditions On Site	-	-	4	4	-				4	-		12	\$ 1,980	\$ -	\$ 178	\$ 2,158
3.3	Meet with LWWS to Review Temporary Pumping Port Locations	-	-	4	-	-				-	-		4	\$ 688	\$ -	\$ 39	\$ 727
3.4	Document Peak and Average Flows	-	1	4	-	-				4	-	2	11	\$ 1,641	\$ -	\$ 121	\$ 1,762
3.5	Complete Drawdown Test	-	1	4	-	-				4	-	1	10	\$ 1,568	\$ -	\$ 113	\$ 1,681
3.6	Review Basins to Determine Future Flow Conditions	-	1	2	-	-				8	2		11	\$ 1,739	\$ -	\$ 176	\$ 1,915
3.7	Compare Flows, Future Flows and I&I	-	-	4	2	-				2	-	1	9	\$ 1,407	\$ -	\$ 111	\$ 1,518
3.8	Meet with LWWS to Review Findings and Develop Alternatives	-	-	4	2	-				4	-	1	11	\$ 1,709	\$ -	\$ 148	\$ 1,857
3.9	Develop Design Criteria	-	-	4	2	-				6	2	1	15	\$ 2,297	\$ -	\$ 193	\$ 2,490
3.10	Provide Preliminary Construction Cost Estimates of Alternatives	1	1	1	2	2	4			6	-		17	\$ 2,729	\$ -	\$ 276	\$ 3,005
	Subtotal	1	4	35	16	6	20	4	-	52	4	6	148	\$ 23,206	\$ -	\$ 2,245	\$ 25,451
Task 4	Information Gathering - Power and Telemetry																
4.1	Review Emergency Power Generator Conditions	-	-	1	-	2	4			-	-		7	\$ 1,104	\$ -	\$ 93	\$ 1,197
4.2	0	-	-	1	-	2	4			-	-		7	\$ 1,104	\$ -	\$ 93	\$ 1,197
4.3	Meet with LWWS to Review Findings and Develop Alternatives	-	-	1	-	4				-	-		5	\$ 892	\$ -	\$ 11	\$ 903
4.4	Develop Design Criteria for Power and Telemetry Systems	-	-	1	-	2	8			-	-		11	\$ 1,676	\$ -	\$ 203	\$ 1,879
	Subtotal	-	-	4	-	10	16	-	-	-	-	-	30	\$ 4,776	\$ -	\$ 401	\$ 5,177
Task 5	Permit Identification and Submission																
5.1	Develop Permit Criteria	-	-	1	-	-				-	12	1	14	\$ 1,961	\$ -	\$ 9	\$ 1,970
5.2	Meet with LWWS to Confirm Permit Criteria and Timelines	-	-	4	-	-		-		4	4	2	14	\$ 2,010	\$ -	\$ 242	\$ 2,252
5.3	Prepare for and Attend County Pre-application Conference	-	-	4	-	-				1	4	1	10	\$ 1,484	\$ -	\$ 25	\$ 1,509
5.4	Prepare Permit Forms for Shoreline Substantial Development and Variance	-	-	12	-	-				-	32	4	48	\$ 4,572	\$ -	\$ 150	\$ 4,722
5.5	Prepare Hydraulic Project Approval Permit Forms and Drawings	-	-	4	-	-		4		18	18	2	46	\$ 4,505	\$ -	\$ 618	\$ 5,123
5.6	Attend Public Hearing	-	-	4	-	-				-	-	1	5	\$ 712	\$ -	\$ 58	\$ 769
	Subtotal	-	-	29	-	-	-	4	-	23	70	11	137	\$ 15,244	\$ -	\$ 1,101	\$ 16,345
Task 6	Predesign Report																
6.1	Prepare Project Background and Alternatives Descriptions	-	-	4	4	4	4	2	1	4	-	2	25	\$ 3,937	\$ -	\$ 303	\$ 4,240
6.2	Prepare Schematic Figures	-	-	2	1	1		2		8	-	1	15	\$ 2,301	\$ -	\$ 293	\$ 2,594
6.3	Develop Alternative Ranking System	1	1	4	2	4	6	2		-	-	1	21	\$ 3,382	\$ -	\$ 228	\$ 3,610
6.4	Complete Predesign Report Draft	-	-	8	4	4	4	2	1	8	-	4	35	\$ 4,476	\$ -	\$ 423	\$ 4,899
6.5	Prepare Neighborhood Flyers	-	-	4	1	1				4	-	2	12	\$ 1,516	\$ -	\$ 148	\$ 1,664
6.6	Attend Public Meeting	-	-	4	-	-				-	-		4	\$ 655	\$ -	\$ 144	\$ 799
6.7	Finalize Predesign Report	-	-	4	4	4	4	2	1	8	-	2	29	\$ 3,708	\$ -	\$ 409	\$ 4,117
6.8	Attend Board Meeting and Present Predesign Report	-	-	4	-	-				-	-	-	4	\$ 655	\$ -	\$ 142	\$ 797
6.9	Update and Finalize Report	-	-	4	4	4	4	2		4	-	4	26	\$ 3,209	\$ -	\$ 326	\$ 3,535
	Subtotal	1	1	38	20	22	22	12	3	36	-	16	171	\$ 23,838	\$ -	\$ 2,415	\$ 26,254
Task 7	Begin Design																
7.1	Attend Scoping Meeting	-	1	4	-	4	2	-	-	-	-	1	12	\$ 1,970	\$ -	\$ 70	\$ 2,040
7.2	Begin Design	-	2	4	8	8		4	-	-	-	1	27	\$ 4,631	\$ -	\$ 207	\$ 4,838
7.3	Perform Geotechnical Review	-	1	12	-	-			-	-	-	2	15	\$ 2,413	\$ -	\$ 69	\$ 2,482
	Subtotal	-	4	20	8	12	2	4	-	-	-	4	54	\$ 9,014	\$ -	\$ 347	\$ 9,361
Total		4	13	170	48	56	70	28	3	111	74	42	619	\$ 88,539	\$ 6,095	\$ 6,819	\$ 101,453



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	February 3, 2014		
TO BOARD OF COMMISSIONERS			
FROM: Debi Hill	MANAGER APPROVAL <u><i>Debi Hill</i></u>		
MEETING AGENDA DATE:	February 12, 2014		
AGENDA ITEM NUMBER:	5.E.		
SUBJECT:	Monthly Budget Analysis		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL:	1. Monthly Budget Analysis as of 1/31/2014		
	2.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

Information only

FISCAL IMPACT

n/a

RECOMMENDED BOARD ACTION

n/a

PROPOSED MOTION

n/a



MONTHLY BUDGET ANALYSIS

Description		2014 Budget	YTD 1/31/2014	
OPERATING FUND - 401			8%	
REVENUES				
401-343-40-10	Water Sales Metered (9% rate increase) *	1,701,326	140,522	8%
401-343-40-18	Water Sales Lock/Unlock	3,000		0%
401-343-40-19	Water Sales Other (billing suspension,transfer fee etc.)	30,000	2,579	9%
401-343-50-11	Sewer Service Residential (3% rate increase) *	3,537,394	285,750	8%
401-343-50-19	Sewer Service Other (transfer fee, return item etc.)	9,500	522	5%
401-359-90-00	Late Charges / Lien fees	65,000	6,298	10%
401-361-11-00	Investment Interest	200		0%
401-369-10-00	Sale of scrap/junk recycle	-		
401-369-90-00	Bank Fees	3,000	315	11%
401-379-10-20	Permits Operation portion (5 new connection permits)	10,000	3,487	35%
401-398-20-00	Insurance Recoveries			
401-397-10-40	Transfers in from ULID 18 Fund 480	83,000		
TOTAL REVENUES		5,442,420	439,473	8.1%

MONTHLY BUDGET ANALYSIS	Description	2014 Budget	YTD 1/31/2014 8%	
OPERATING FUND - 401				
EXPENDITURES				
401-53X-10-10	Payroll (1% cola plus step increases - 2014)	1,450,000	112,101	8%
401-53X-10-20	Personnel Benefits	570,000	45,320	8%
401-53X-10-31	Gen Admin Supplies	25,000	13,008	52%
401-53X-10-32	Meetings/Team building	2,500	280	11%
401-53X-10-40	Bank Fees (BofA, AFTS, Expect)	9,500	124	1%
	County Auditor filing fees (Simplifile)	6,000		
	DataBar (Statement processing)	20,000		
	Answering Service	1,500		
	BIAS Financial Software	20,000		
	Webcheck (Title company transactions)	2,000		
	GE Scada System Software Maintenance	7,500		
	WA State Auditor (2 year audit)	18,500		
	Wilson Engineering	10,000		
	Sewer Comp Plan Update C13-15	20,886		
	Legal counsel	38,000		
	FCS Rate Study	48,500		
	3D - Computer support (includes new server install)	35,000		
	Data Pro - Time clock system	1,500		
	Watchguard	1,000		
	CPA firm	10,000		
	Microsoft Exchange	2,000		
	Cartegraph	8,000		
	SCADA/PLC Support (Engineering)	5,000		
	Auto Desk (Engineering)	1,000		
	Rockwell (Engineering)	500		
	Inovise (Engineering)	2,000		
	Master Meter	2,000		
	Custodia/Building maint. services/Security	11,000		
	Landscaping service	4,000		
	Interlocal - Lake Whatcom Management Program	25,000		
	Interlocal - Invasive Species	50,000		
	Interlocal - Lake Whatcom Tributary Monitor	5,000		
	GIS with Whatcom County	1,000		
	Camera Van software	1,500		
	Oasys (Docuware/copy machine contract)	5,000		
	Generator Load Testing	20,000		
	Cyberlock software	1,000		
	Misc (Bid notices etc.)	1,000		
401-53X-10-41	Professional Services (TOTAL)	385,386	43,327	11%
401-53X-10-42	Communication	40,000	5,070	13%
401-53X-10-43	Memberships/Dues	16,000	18,652	117%
401-53X-10-44	B&O Taxes	175,000	12,956	7%
401-53X-10-45	Admin Lease	2,500	199	8%
401-53X-10-46	Insurance	102,000	-	0%
401-53X-10-49	Admin Misc.	1,000	-	0%
401-53X-40-43	Training & Travel	30,000	444	1%
401-53X-40-44	Tuition reimbursement	6,000	-	0%
401-53X-40-49	Insurance claims	5,000	-	
401-53X-50-31	Maintenance Supplies	145,000	19,192	13%
401-53X-50-48	Oper Repair/Maint (Includes Asset Mgmt tools)	35,000	2,050	6%
	Edge Analytical - water	7,000		
	Emergency Response - sewer tank trucks	5,000		
401-53X-60-41	Operations Contracted (TOTAL)	12,000	341	3%
401-534-60-47	Water Ops City of Bellingham	30,000	-	0%
401-535-60-47	Sewer Ops City of Bellingham	800,000	-	0%
401-53X-80-32	Operations Fuel	30,000	599	2%
401-53X-80-34	Safety supplies	12,000	-	0%
401-53X-80-47	General Utilities	210,000	23,984	11%
401-53X-80-49	Laundry	2,000	171	9%
	TOTAL OPERATING EXPENSES	4,095,886	297,818	7.3%
TRANSFERS				
401-597-10-00				
	Transfers Out to Capital Projects Fund 420	900,000	-	
	Transfers Out to 2009 Bond Debt Service Fund 450	447,450	-	
	Transfers Out to Water Loan Debt Service Fund 470	65,500	-	
	TOTAL EXPENDITURES	5,508,836	297,818	5.4%
OPERATING FUND	REVENUES	5,442,420	427,620	
	EXPENDITURES	(5,508,836)	(297,818)	
	BEGINNING BALANCE	500,000	1,073,881	
	CASH/INVESTMENTS BALANCE	433,584	1,152,692	

MONTHLY BUDGET ANALYSIS		Description	2014 Budget	YTD 1/31/2014	
SYSTEM REINVESTMENT FUND - 420					
420-343-40-19		DEA Permits	2,500	-	
420-361-11-00		Investment Interest	-		
420-378-10-30		Permits Capital Portion (5 permits for 2012)	40,000	6,704	
420-379-10-40		Latecomer Fees	500		
420-397-10-00		Transfers in from Operating Fund 401	900,000	51,000	
		TOTAL REVENUES	943,000	57,704	
420-534-10-41		DEA Contracted Services	2,500		
420-534-60-41		Contracted Operations	-		
420-534-90-61		DEA Refunds	-		
420-594-38-60		Capital Outlay			
		Previous Projects	231,933		
	C12-07	Reservoir Drains to Daylight	13,000		
	C12-14	Dead end blow offs	37,960		
	C12-16	Polo Park Bridge	49,351		
	C13-03	SVWTP Generator		55,003	
	C13-04	Cathodic Corrosion protection	75,000		
	C13-08	Backup benchtop analyzer	3,000		
	C13-13	Safety Grates at Pump Stations	9,376		
	C13-14	Server upgrade	5,000		
	C13-16	Boulevard Sewer Pump Station	39,246	2,250	
		New Projects	944,000		
		Admin building irrigation system	10,000		
		Gravel/Asphalt material bin at shop	5,000		
		Strawberry Point Pump Station - Predesign	100,000		
		Boulevard Sewer Pump Station	570,000		
		CMOM - Sewer I&I	103,000		
		Lowe Pump Station	7,000		
		Sewer Push Camera	7,000		
		Water System Rehab/Replacement projects	120,000		
		Water Service Rebuilds	12,000		
		SVWTP Spare Raw Water Pump	5,000		
		Dehumidifiers	5,000		
		TOTAL EXPENDITURES	1,178,433	57,253	
SYSTEM REINVESTMENT FUND		REVENUES	943,000	57,704	
		EXPENDITURES	(1,178,433)	(57,253)	
		BEGINNING BALANCE	300,000	0	
		CASH/INVESTMENTS BALANCE	64,567	451	

MONTHLY BUDGET ANALYSIS	Description		2014 Budget	YTD 1/31/2014	
SEWER/STORM WATER CONTINGENCY FUND - 425					
425-361-11-00	Investment Interest		930		
	TOTAL REVENUES		930	-	
425-535-10-41	Comp Plan Stormwater Chapter		4,821	356	
425-535-10-89	Bank Fees		100	12	
425-594-38-64	Machinery/Equipment			1,300	
	TOTAL EXPENDITURES		4,921	1,668	
SEWER/STORM WATER CONTINGENCY FUND	REVENUES		930	-	
	EXPENDITURES		(4,921)	(1,668)	
	BEGINNING BALANCE		933,450	932,687	
	CASH/INVESTMENTS BALANCE		929,459	931,302	

MONTHLY BUDGET ANALYSIS			2014	YTD	
	Description		Budget	1/31/2014	
CAPITAL BOND PROJECTS FUND (RESTRICTED) - 430					
430-361-11-00	Investment interest		-		
	TOTAL REVENUES		-		
430-594-38-63	Capital Outlay		-		
C09-01	Cable-Ranch-PM Pump stations (Retainage)		57,250		
	TOTAL EXPENDITURES		57,250	-	
CAPITAL BOND PROJECTS FUND					
	REVENUES		-		
	EXPENDITURES		(57,250)	-	
	BEGINNING BALANCE		57,250	62,683	
	CASH/INVESTMENTS BALANCE			62,683	

MONTHLY BUDGET ANALYSIS	Description		2014	YTD	
DWSRF PROJECTS FUND - 440			Budget	1/31/2014	
440-382-90-31	Division 22 Reservoir				
440-382-90-43	Geneva AC Mains				
	TOTAL REVENUES				
440-594-34-62	Division 22 Reservoir				
440-594-34-63	Geneva AC Mains				
	TOTAL EXPENDITURES				
DWSRF PROJECTS FUND	REVENUES				
	EXPENDITURES				
	BEGINNING BALANCE				
	CASH/INVESTMENTS BALANCE				
Expenditures offset by draws as projects progress.					

MONTHLY BUDGET ANALYSIS	Description		2014	YTD	
			Budget	1/31/2014	
2009 BOND DEBT SERVICE FUND - 450					
450-361-11-00	Investment Interest				
450-397-10-00	Transfers in from Operating Fund 401		447,450	300	
	TOTAL REVENUES		447,450	300	
450-535-10-41	Bond Admin Fee		300	300	
450-591-38-83	Bond Interest payments		212,150		
450-591-38-72	Redemption of Long Term Debt		235,000		
	TOTAL EXPENDITURES		447,450	300	
2009 BOND DEBT SERVICE FUND	REVENUES		447,450	300	
	EXPENDITURES		(447,450)	(300)	
	BEGINNING BALANCE		-	-	
	CASH/INVESTMENTS BALANCE				

MONTHLY BUDGET ANALYSIS	Description		2014	YTD	
			Budget	1/31/2014	
2009 BOND RESERVE FUND (RESTRICTED) - 460					
460-361-11-00	Investment Interest		500		
	TOTAL REVENUES		500	-	
460-535-10-89	Debt Service Charges		100	12	
	TOTAL EXPENDITURES		100	12	
2009 BOND RESERVE FUND	REVENUES		500	-	
	EXPENDITURES		100	12	
	BEGINNING BALANCE		501,170		
	CASH/INVESTMENTS BALANCE		501,770	501,145	

MONTHLY BUDGET ANALYSIS	Description		2014	YTD
			Budget	1/31/2014
WATER LOANS DEBT SERVICE FUND - 470				
470-397-10-00	Transfers In from Operating Fund 401		65,500	
	TOTAL REVENUES		65,500	-
470-591-38-79	Redemption of Long Term Debt		56,193	
470-592-34-83	Debt Service Interest Loan 119		715	
470-592-34-83	Debt Service Interest Loan 064		8,505	
	TOTAL EXPENDITURES		65,413	-
WATER LOANS DEBT SERVICE FUND	REVENUES		65,500	-
	EXPENDITURES		(85,413)	-
	BEGINNING BALANCE			
	CASH/INVESTMENTS BALANCE			74

MONTHLY BUDGET ANALYSIS			2014	YTD
	Description		Budget	1/31/2014
ULID 18 LOAN DEBT SERVICE FUND (RESTRICTED) - 480				
480-361-50-00	ULID 18 Interest/Penalties		30,000	
480-379-10-30	Latecomers Fee		3,000	325
480-368-10-00	Current ULID 18 Principal Payments		50,000	1,815
	TOTAL REVENUES		83,000	2,141
480-597-10-01	Transfers Out to Operating Fund 401		83,000	
	TOTAL EXPENDITURES		83,000	-
ULID 18 LOAN DEBT SERVICE	REVENUES		83,000	2,141
	EXPENDITURES		(83,000)	-
	BEGINNING BALANCE			
	CASH/INVESTMENTS BALANCE			2,141



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	February 3, 2014		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL <i>Patrick Sorensen</i>		
MEETING AGENDA DATE:	February 12, 2014		
AGENDA ITEM NUMBER:	5.G.		
SUBJECT:	Draft Sewer Comprehensive Plan		
LIST DOCUMENTS PROVIDED ⇒ NUMBER OF PAGES INCLUDING AGENDA BILL: _____	1. Revised Stormwater Section of Comp Plan as found on page 25		
	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

At the January 8, 2014 meeting, the Board requested that this item be included on the agendas for the next several meetings until they have had the opportunity to review, discuss and consider the many details included in the District’s Sewer Comprehensive Plan.

At the January 29th meeting, the Board left off at page 25; “Stormwater & Water Quality Management within Lake Whatcom Watershed”. Attached is a revised version of the Stormwater Chapter incorporating Brian’s comments and adding current District stormwater activities.

FISCAL IMPACT

Not applicable at this time.

RECOMMENDED BOARD ACTION

Review, discuss, consider the Sewer Comprehensive Plan.

PROPOSED MOTION

Not applicable at this time.

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VI. STORMWATER & WATER QUALITY MANAGEMENT WITHIN LAKE WHATCOM WATERSHED

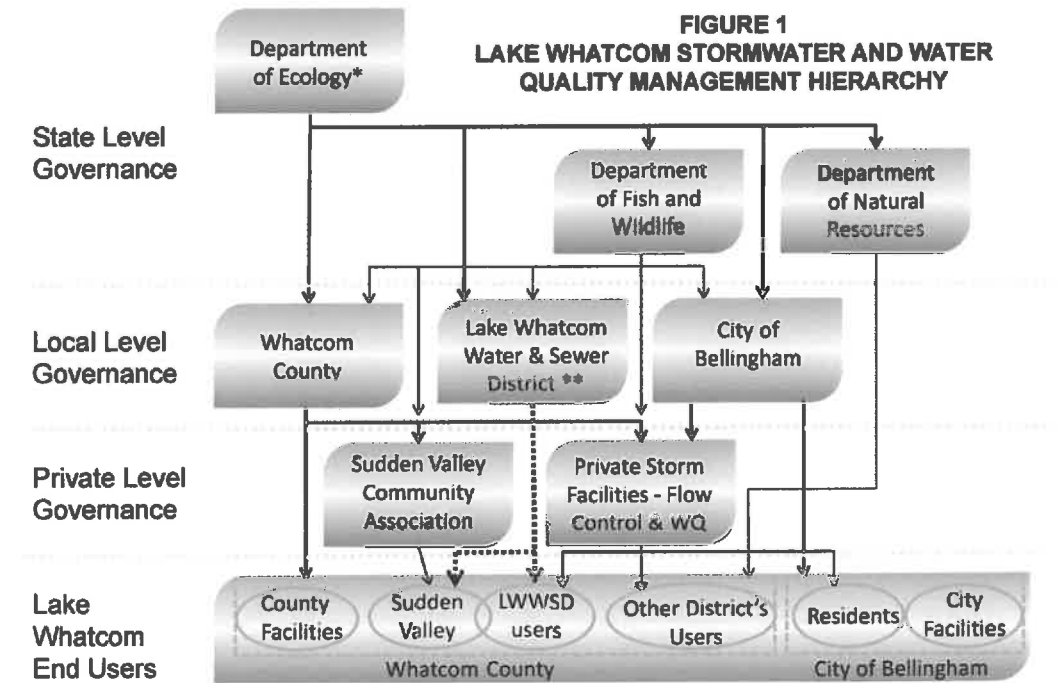
A. Overview

The need for increased stormwater and water quality management has been well documented as it relates to Whatcom County as a whole, and in particular as it relates to the Lake Whatcom Watershed (watershed). As a significant member of the watershed community, the District has continuously endeavored to play a meaningful part in protecting and improving the water quality within the watershed.

In this chapter, the current stormwater and water quality management hierarchy within the watershed is summarized. Next, the driving forces and potential benefits to the District of becoming more involved in stormwater and water quality management within the watershed are explained. Then, the governance options available for the District to either act alone or partner with local agencies in the watershed’s protection are given. Finally, a summary outlining the recommended governance option for partnering and summary of key issues for setting up a local agency partnering effort are described.

B. Current Stormwater and Water Quality Management within the Watershed

There are several state and local agencies, as well as private sector groups, who have key roles in addressing the water quality issues in and around the lake, (reference Figure 1).



*DOE does not govern other agencies - placement at the top indicates its leading role in stormwater and water quality.
** The LWWSD connection to end users is included because of contributions to watershed water quality currently provided by the district in addition to water and sewer services and the potential for future water quality contributions.

STORMWATER & WATER QUALITY MANAGEMENT

Currently, the County and the City, operating under Washington Department of Ecology's (Ecology) Western Washington Phase II Municipal Stormwater Permit (Phase II permit), split almost all of the responsibility as it relates to planning and implementation of stormwater management and water quality protection within the watershed, (reference Exhibit A for jurisdictional boundaries within the watershed). However, there are multiple levels of governance that influence the end users within the Lake Whatcom watershed. A summary of each of these levels is described below.

1. State Management

In addition to administration of the Phase II permit, Ecology sets ground water and surface water standards, and regulates nonpoint pollution and pollution runoff through field assessments, phosphorus reduction programs, clean/green boating programs, education, and financial assistance. Ecology also regulates construction stormwater pollution prevention, sets stormwater infrastructure design standards, and regulates water and wastewater treatment. Other involved state agencies include the Washington Department of Fish and Wildlife (WDFW) who provides permit regulation for any and all work within the surface waters of the state through the hydraulic permit approval (HPA) process and the Washington Department of Natural Resources (DNR) administers stormwater management within the watershed on land zoned commercial, state and rural forestry.

2. County and Municipal Management

Both the County and the City have individual critical areas ordinances (CAOs) for the protection of critical areas within their jurisdictions. Critical areas include; geologically hazardous areas, frequently flooded areas, areas underlain by critical aquifer recharge zones, wetlands, and habitat conservation areas, (especially those for salmonid fish species). As it relates to stormwater and water quality management, wetlands and habitat conservation critical areas are the most crucial. Development and infrastructure improvements within these CAOs are regulated by the County and City under ordinances which seek to minimize impacts to the unique characteristics of each critical area through various management strategies including but not limited to buffer setbacks, buffer enhancement, habitat restoration, and maintenance of critical hydrologic functions within the critical areas.

a) Whatcom County

Stormwater and water quality management within the County is accomplished through several different county departments working together and utilizing various provisions of the Whatcom County Codes (WCC) and planning documents. Some of the management efforts of the various departments are discussed below.

(1) Whatcom County Planning and Development Services

Planning and Development regulates development within the watershed primarily through two titles of the county code; WCC Title 20 Zoning and WCC Title 21 Land Division. Through these titles Planning and Development is able to implement the provisions of the County's Comprehensive Plan. Within WCC

STORMWATER & WATER QUALITY MANAGEMENT

Title 20, Chapter 20.51 Lake Whatcom Watershed Overlay District was adopted in July of 2013 to “manage and treat stormwater runoff and establish more stringent standards on clearing activities and reduce the phosphorus loading into Lake Whatcom.” The underlying intent of this chapter is to protect Lake Whatcom as a drinking water source and limit phosphorus loading into Lake Whatcom.

(2) Whatcom County Health Department

As it relates to stormwater and the public water supply, the Health Department regulates on-site sewage systems, solid waste handling and disposal, and drinking water under WCC Title 24. The Department’s On-site Sewage System (OSS) Local Management Plan was developed to assist in the management of the OSS’s within the County. Under the OSS Local Management Plan, the Lake Whatcom Basin has been designated as a sensitive area requiring special protections and inspection priorities.

(3) Whatcom County Public Works

Stormwater Division – The Stormwater Division implements stormwater programs and builds capital improvement projects in target watersheds, (such as Lake Whatcom). The Stormwater Division also leads the County’s Phase II permit stormwater program. In 2008, the Stormwater Division completed preparation of the Lake Whatcom Comprehensive Stormwater Plan which helped identify some of the highest priorities for stormwater management within the watershed to reduce phosphorus inputs to the lake and to mitigate altered hydrology within the basin. Since completion of this comprehensive plan, the Stormwater Division has implemented several of the capital improvement projects (CIP) outlined in the plan, (especially in Lake Whatcom’s Geneva Area); however, budgetary constraints have continued to hamper the CIP implementation process.

Maintenance & Operations (M&O) Division– Stormwater maintenance and operation within the County right-of-ways is provided by the M&O Surface Drainage Management Division. M&O is not responsible for maintenance and repair activities either outside the ROW or on private property. Despite the fact that the watershed has been designated as a “sensitive” and/or “special” water resource, current manpower and budget makes it difficult for the M&O Division to provide any more than basic services in the area.

b) City of Bellingham

The City has several programs which address stormwater and water quality related issues. Below is an overview of some the more critical activities, programs, and projects within the watershed.

STORMWATER & WATER QUALITY MANAGEMENT

City of Bellingham Public Works - Storm and Surface Water Utility (SSWU) – The SSWU funds improvements and maintenance to the stormwater system in the City. The SSWU also administers the City's Stormwater Management Program which was developed specifically to address compliance issues related to Ecology's mandated Phase II permit. The City's *Stormwater Comprehensive Plan* outlines the compliance measures instituted to address the Phase II permit, and the City issues an annual compliance report, (*Stormwater Management Program 2013 NPDES Report*, most recent) which evaluates progress enacting the permit conditions.

The SSWU is also responsible for maintaining the City's drainage system which is comprised of natural components, (creeks and lakes), and manufactured conveyance and detention, (network of open ditches, catch basins, closed pipes, manholes, and water quality facilities such as ponds, vaults, storm filters, and bioswales). Maintenance activities include: open ditch cleaning; catch basin pumping; storm line jetting; trash rack cleaning and storm patrol; tile, frame and grate repair; culvert cleaning and creek drainage; regional detention facility maintenance; and water quality facility maintenance.

Environmental Resources Division - The Environmental Resources Division oversees programs associated with resource protection of the watershed. Among its other duties, the division administers many of the joint County/City programs and projects developed to protect the watershed, such as;

- Lake Whatcom Management Program (LWMP) – Joint agency effort between the City, the County and the District to help protect the lake.
- LWMP Aquatic Invasive Species Program - A comprehensive program designed to guide aquatic invasive species prevention, monitoring, and response efforts in the watershed.
- Filter-Clogging Algae Mitigation Evaluation - Evaluation of alternatives to reduce algae clogging the filters at the City's water treatment plant.
- Property Acquisition Program – Efforts to purchase and preserve land within the watershed.
- Silver Beach Creek Pilot Project – Project aimed at discovering successful strategies to reduce phosphorus.
- Residential Stormwater Retrofit Program – Program aimed at reducing stormwater flows and increasing infiltration at residential properties. Completed 6/30/2011.
- Homeowner Incentive Program – Program offering reimbursement incentives to watershed residents who install projects that increase water infiltration on their properties, and
- Miscellaneous Lake Whatcom Capital Improvement Projects.

3. Local Management

Non-governmental groups are also involved in stormwater and water quality. The Sudden Valley Community Association has internal programs and development reviews to identify and address stormwater infrastructure concerns and to plan for future stormwater management improvements within their boundaries. In addition, individual private property owners and homeowner associations (HOAs) play a role in stormwater management and pollution control through the maintenance and operation of their own, private, onsite stormwater facilities. (See Exhibit M, Private Stormwater Systems, for a map of those in the County NPDES Phase II permit area). These installations have been installed by private owners and developers in response to statutory requirements by both the County and the City. The individual owners of these facilities are responsible for their regular maintenance and operation. The County and City are responsible (by statute) for periodic inspections to confirm that the required maintenance is being performed at each facility. Historically, budgetary constraints have made regular inspection and oversight of these facilities an ongoing challenge for these two agencies.

C. Governance and Funding Options for District Participation

There are several governance options which would allow the District to partner with local agencies in the protection of the watershed. Each governance option has pros and cons with regard to formation, leadership, management powers, and funding resources. Below we have given a brief overview of the governance options currently available. Reference Table 1 for a summary of the individual characteristics of each option detailed below.

1. Joint Municipal Utility Service Authority/Agreement (JMUSA)

A JMUSA is a separate legal entity, a Washington municipal corporation, created under a statute passed in 2011 and now codified in Ch. 39.106 RCW. It is formed by an agreement between two or more governmental entities, i.e., city, town, county, or special purpose district. Formation does not require boundary review board approval, state approval, or a public vote. The agreement describes the utility services to be provided and can specify powers not to be exercised. It must spell out member financial obligations, a process for adding additional members, conditions for withdrawal (including disposition of assets and liabilities), define which public works law it will be operating under, specify an amendment process, and a process for dissolution.

Utility services which can be addressed in a JMUSA include the services the District currently provides (water and sewer), however, utility services can also include point and non-point water pollution monitoring programs, and management and handling of storm water, surface water, drainage, and flood waters. Each member executing the agreement must be providing the type of service which the JMUSA is to provide, which makes it important that

STORMWATER & WATER QUALITY MANAGEMENT

the District adopt a comprehensive drainage plan and have some sort of responsibility for this activity before a JMUSA is entered into.

The JMUSA is governed by a board consisting of an agreed upon number of directors. Each director must be an elected official of one of the member governments forming the authority. The agreement must specify how they would be chosen, whether each would have an equal vote or there would be weighted voting, whether a supermajority vote is required, and if so, for what decisions, and so on.

The JMUSA does not have the power to tax. If agreed to by the members, the JMUSA would have the ability to set and collect rates and charges. The City already has a watershed fee for its water customers that is used for land acquisition and preserving water quality in the Lake Whatcom reservoir. However, if the agreement were to include the City, this may be a means of having all who benefit from a clean lake pay a uniform rate or classes of rates, for its protection and cleanup.

STORMWATER AND WATER QUALITY MANAGEMENT
WITHIN THE LAKE WHATCOM WATERSHED

TABLE 1
SUMMARY OF POTENTIAL GOVERNANCE AND FUNDING OPTIONS

LEGEND	MOST FAVORABLE GOVERNANCE OPTION
	LESS FAVORABLE GOVERNANCE OPTION
	LEAST FAVORABLE GOVERNANCE OPTION

GOVERNANCE OPTION	STATUTORY AUTHORITY	FORMATION		LEADERSHIP		MANAGEMENT POWERS SERVICES WHICH CAN BE PROVIDED	FUNDING MECHANISMS
		MEMBERSHIP PARTICIPANTS	AGREEMENT APPROVAL	SEPARATE LEGAL ENTITY	GOVERNING BODY		
Joint Municipal Utility Service Authority / Agreement (JMUSA)	RCW 39.106 (2013)	Cities, Towns, Counties, Special Purpose Districts, Federally Recognized Tribes	Legislative Authority of Each Member; No Boundary Review Board, Public Vote, or County/State Approval Required	YES - Municipal Corporation	Joint Board of Directors - Must be elected officials from the member governments.	Water/Sewer; Point & Non-Point Water Pollution Monitoring Programs; & Management and Handling of Stormwater; Surface Water, Drainage, & Flood Waters	Rates & Charges: Revenue Bonds; Pledge Revenues; Local Improvement District Assessments (member consent); no ability to tax
MOST FAVORABLE GOVERNANCE OPTION							
Interlocal Agreement	RCW 39.34	Federal/State Agencies, Counties, Cities, Special Purpose Districts	Agreement shall be filed pursuant to RCW 39.34.040 with the county auditor of each county lying within the geographical watershed area to be addressed by the partnership.	NO	Administrator or Joint Board	Water, Sewer, WWC, Utilities and Facilities	Contributions from member agencies, or bonds. Because an interlocal is not a separate legal entity, bond issuance is difficult. Participating agencies may appropriate funds and provide personnel, property, & services. Joint boards are authorized to accept loans or grants of federal, state, or private funds.
	LESS FAVORABLE GOVERNANCE OPTION	Federal/State Agencies, Counties, Cities, Special Purpose Districts	Agreement shall be filed pursuant to RCW 39.34.040 with the county auditor of each county lying within the geographical watershed area to be addressed by the partnership.	Partnership Opportunity with LWWSD	Partnership Opportunity with LWWSD Part of Leadership, but Not a Separate Entity - So No Rates and Charges so Harder to Link Those Who Benefit to Those Who Pay	Two or more public agencies form a partnership to implement any or all elements of a watershed management plan.	Contributions from member agencies, or bonds. Participating agencies may appropriate funds and provide personnel, property, & services. Joint boards are authorized to accept loans or grants of federal, state, or private funds. Water District may authorize up to 10% of its water-related revenues for implementation.
County Flood Control Sub-District	RCW 39.34.210	County - Not a partnership mechanism	Information by vote of County Board of Commissioners or by petition from the public.	Quasi municipal corporation	County Board of Commissioners or elected Supervisors if population of sub-district is >2,000. Provision for local advisory committee included.	Flood water and stormwater control	Excess levies, assessments, regular levies, charges, general obligation bonds, and revenue bonds
	LESS FAVORABLE GOVERNANCE OPTION	County - Not a partnership mechanism	Information by vote of County Board of Commissioners or by petition from the public.	Quasi municipal corporation	County Board of Commissioners or elected Supervisors if population of sub-district is >2,000. Provision for local advisory committee included.	Flood water and stormwater control	Excess levies, assessments, regular levies, charges, general obligation bonds, and revenue bonds
LEAST FAVORABLE GOVERNANCE OPTION							
Lake and/or Beach Management District	RCW 76.61	County - Not a partnership mechanism	County Ordinance	NO	County Board of Commissioners with a provision for a local advisory committee	(1) Controlling or removing aquatic plants and vegetation; (2) Improving water quality; (3) controlling water levels; (4) treating and diverting storm water; (5) controlling agricultural waste; (6) studying lake or marine water quality problems and solutions; (7) cleaning and maintaining ditches and streams entering the lake or estuary waters or leaving the lake; (8) monitoring air quality; and (9) the related administrative, engineering, legal, and operational costs, including the costs of creating the lake or beach management district.	Special assessments, fees and charges or bond
Whatcom County - Countywide Stormwater Utility	RCW 36.89	County - Not a partnership mechanism	County Resolution	NO	County Board of Commissioners	Resolution for revenues by fixing rates and charges, issuing revenue bonds, or charging assessment for the furnishing of service to those served or receiving benefits or to be served or to receive benefits from any storm water control facility or contributing to an increase of surface water runoff.	Rates and charges, Revenue Bonds, Assessments
	LEAST FAVORABLE GOVERNANCE OPTION	County - Not a partnership mechanism	County Resolution	Not a Partnership Mechanism, County Leadership with Possible Advisory Role for LWWSD	Not a Partnership Mechanism, County Leadership with Possible Advisory Role for LWWSD	Not a Separate Legal Entity but Rates and Charges Allowed Linking Those Who Benefit to Those Who Pay	Not a Separate Legal Entity but Rates and Charges Allowed Linking Those Who Benefit to Those Who Pay

2. Interlocal Agreement

The District, City and County have used an interlocal agreement in their ongoing efforts to address lake water quality through the Lake Whatcom Management Group and are very familiar with how the interlocal agreement process works. The JMUSA legislation was put forth largely because an interlocal agreement does not form a separate legal entity, and the issuance of bonds for any group effort is therefore much more complicated. The JMUSA has the express authority to issue bonds.

The interlocal agreement is a true partnership with an administrator or joint board. Participating agencies may appropriate funds and provide personnel, property and services but rates and charges could not be implemented to fund the program.

3. Cooperative Watershed Management

Watershed management partnerships and projects are governed by RCWs 39.34.190, 39.34.200, 39.34.210, 39.34.215, and 39.34.220 (under 39.34- Interlocal Cooperation Act). Under RCW 39.34.210, any two or more public agencies may enter into agreements with one another to form a watershed management partnership for the purpose of implementing any portion or all elements of a watershed management plan, including the coordination and oversight of plan implementation. Cooperative management would require the execution of a watershed partnership agreement which includes the provisions required of all interlocal agreements under RCW 39.34.030(3). The watershed partnership agreement can establish a separate legal entity to conduct the cooperative undertaking of the partnership. This legal entity would be authorized to contract indebtedness and to issue and sell general obligation bonds and to issue revenue bonds.

RCW 39.34.190 states that a water-sewer district “may authorize up to ten percent of its water-related revenues to be expended in the implementation of watershed management plan projects or activities that are in addition to the County's, City's, or District's existing water-related services or activities”.

RCW 36.89.130 allows that a county may, as a part of maintaining a system of storm water control facilities, participate in and expend revenue on cooperative watershed management actions, including watershed management partnerships under RCW 39.34.210 and other intergovernmental agreements, for purposes of water supply, water quality, and water resource and habitat protection and management.

At this time, it is unknown if other agencies would be interested in entering into a cooperative watershed management agreement for implementation of a comprehensive stormwater management program in the Lake Whatcom Basin. Efforts by the District would be limited to what could be funded with ten percent of its water-related revenues and additional rates and charges could not be implemented to fund the program.

4. County Flood Control Subdistrict

The Board has heard presentations from Whatcom County Public Works and from Birch Bay Watershed Aquatic Resources Management District (BBWARM), concerning this approach. The County could form a Lake Whatcom Flood Control sub-district. As noted in their presentations, the sub-district has a local advisory board. However, County Public Works provides the staffing, and the County Council has final say on what projects are approved and to what purpose funds are devoted.

An advantage of this approach is that it would use existing County staff and administration, and possibly additional staff at the County, rather than a separate entity. Cost savings may be achievable as a result. Disadvantages are that the same government entity and division responsible for setting road maintenance budgets and capital spending on stormwater control related to roads would be in charge of setting priorities for spending on any fees assessed on local residents for other stormwater related projects. Since the need easily outstrips available public funding sources and there are a number of impaired water bodies in the County, as well as critical Endangered Species Act (ESA) and other concerns as to the Nooksack basin, there is a potential, as identified by Mr. Montfort in his presentation regarding BBWARM, that such funds would not be spent as local residents desire, and that funds otherwise spent on controlling runoff from County roads in the watershed may be diverted to controlling runoff from roads outside the watershed.

5. Lake and/or Beach Management District

Lake and Beach Management Districts are governed by RCW 36.61, and can either be initiated by County Resolution or by landowner petition (15% of acreage contained within District). After appropriate public hearings, the creation of the Lake Management District is subject to a vote of the landowners, then a Special Assessment roll is adopted - a process very similar to the Utility Local Improvement District (ULID) process. It does not look like RCW 36.61 allows a water-sewer district to run a Lake Management District - it is set up for Counties to manage.

Funding of a Lake Management District can be through a single special assessment, and/or an annual assessment, or periodic rates and charges, and would need to be declared in the formation petition / resolution, along with the amount of money proposed to be raised. It also looks like any changes to the Special Assessment would need to be voted on, and any changes to rates and charges would be determined by the County.

There has been at least one Lake Management District in Whatcom County. Lake Management District No. 1 (LMD) was formed in 1991 at Lake Samish to provide administration, operation and maintenance of a new retention dam structure located at the Friday Creek outlet. The original assessment also covered annual maintenance for a fixed

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period of time. The LMD has since been relieved of its duties which were transferred to the Lake Samish Flood Control Subzone.

6. Whatcom County – County-wide Stormwater Utility

RCW 36.89 allows for municipal stormwater management through the establishment of community-based stormwater utilities. These types of utilities are commonly formed to address not only stormwater infrastructure issues, but also issues related to stormwater and surface water quality, public education and outreach, flood control, and planning. The power to comprehensively address such a broad spectrum of stormwater and water resource issues makes the stormwater utility an appealing choice for addressing county-wide issues. Utility funding is usually accomplished through user fees based upon a property's percentage of impervious surface. User fees charged must establish a connection between the fee amount and the benefit received. The utility's funding plan must decide if both developed and undeveloped properties will be assessed and what fees will be assessed for public roadways and other public properties.

In recent years, the County has investigated the possible establishment of a stormwater utility as a means to plan, provide, and fund a county-wide stormwater program. A comprehensive County stormwater utility could; provide a baseline level of stormwater services throughout the county, ensure compliance with current Western Washington Phase II Permit (Phase II) regulations, and be responsive to the specialized stormwater needs of various sensitive watersheds and water resources within the County. Additional information on the stormwater utility approach is included in the report "National Pollutant Discharge Elimination System Phase II Stormwater Funding Study for Whatcom County" prepared by CH2MHill, December 2010.

7. Stormwater Utility District – LWWSD Controlled

Another option available to the LWWSD is to become a Stormwater Utility District within the Lake Whatcom watershed, independent of the City or the County. RCW 57.08.005 Powers, Section 7 allows the district to "construct, condemn and purchase, add to, maintain, and operate systems of drainage for the benefit and use of the district, the inhabitants thereof, and persons outside the district with an adequate system of drainage, including but not limited to facilities and systems for the collection, interception, treatment, and disposal of storm or surface waters, and for the protection, preservation, and rehabilitation of surface and underground waters, and drainage facilities for public highways, streets, and roads, with full authority to regulate the use and operation".

Comprehensive rate setting authority is specified in both Section 7 and Section 11 for stormwater control (See Exhibit M, District Drainage Powers – RCW 57.08.005 abbreviated). In addition, Section 10 authorizes various types of bonding for a district to "to provide for the reduction, minimization, or elimination of pollutants from those waters [lake, stream, or groundwater] in accordance with the district's comprehensive plan".

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Unique from the other governance options, LWWSD would have complete control over planning activities, decision making, and implementation timelines by the stormwater utility. This would not be a partnering effort. Along with control over the stormwater utility, LWWSD would also assume all of the associated risk and liability and would become a separate permittee under the NPDES Phase II permit.

D. District Involvement in Stormwater and Water Quality Management within the Watershed

The current stormwater and water quality management within the watershed involves playing in a complex and crowded field. However, there are both pros and cons to both maintaining the current level of participation and becoming more involved. Possible driving forces and goals for further watershed involvement are listed below.

1. Driving Forces

a) Lake Whatcom as a Drinking Water Source

Currently, Lake Whatcom serves as the primary drinking water supply for the majority of residents within the Lake Whatcom Basin and in the City. The current Lake Whatcom Comprehensive Stormwater Plan outlines a number of stormwater and water quality goals in management of the watershed. Managing water quality and quantity for long-term uses, with first priority being domestic water supply and prioritization of protection before treatment of Lake Whatcom water are just a couple of examples. As the primary public water purveyor to residents around the lake, the District has a vested interest in protection of the lake's water quality.

b) TMDL Listing of Lake Whatcom as an Impaired Water Body for Both Phosphorus and Bacteria

Lake Whatcom is currently listed as an impaired water body under Section 303d of the Federal Clean Water Act for total phosphorus and bacteria. As outlined in the Lake Whatcom Comprehensive Stormwater Plan;

"Phosphorus is a key issue because it is the limiting factor in lake eutrophication and associated water quality problems: high algae and organic matter concentrations, and taste/odor/toxicity problems from algae-produced chemicals. Phosphorus delivered by stormwater can accelerate this eutrophication. At best, these water quality problems increase treatment costs. The potential threats to maintaining the lake as a high-quality source of drinking water and to preventing large increases in costs for treatment and additional infrastructure are increasing."

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Lake Whatcom suffers from several types of water quality degradation – each to a greater or lesser degree: suspended sediment; bacterial and protozoa contamination; pesticide, heavy metals, total organic carbon, and petroleum hydrocarbons such as oil and gas from vehicles; and increase water temperatures which are harmful to fish and other aquatic life in the ecosystem. Bacteria and protozoa provide an immediate risk to public health and safety. Coliform bacteria, including E. coli, are indicators of potential contamination by other disease-causing organisms. Potential sources for bacterial and protozoa contamination include livestock, pet, and wildlife droppings, failing septic systems, and sewer system overflows.

c) Funding Gap

Currently, many of the County's and City's stormwater and water quality management programs are suffering from a lack of funds. Implementation of the capital improvement projects outlined in the Lake Whatcom Comprehensive Stormwater Plan is behind schedule because of budgetary shortfalls. These County projects are currently being funded by the County tax payers as a whole. There is currently no system in place which directly links those who benefit to those who pay to secure that benefit.

2. End Goals

a) Protection of Public Health and Safety

Through its public sewer system, the District currently plays one of the most crucial roles in the watershed related to water quality improvement and protection of public health and safety. Despite this, there is much more that can be done to address the issue in the area of stormwater management and water quality treatment within the basin. The District is in a unique position to effect improvement. The District boundaries completely surround the lake and encompass some of the most intensely developed areas within the watershed. Partnering for the improvement of stormwater and surface water quality in the area would be a direct extension of the stewardship role the District currently plays.

b) Reduced Treatment Costs

As the public water purveyor for the greater portion of the Lake Whatcom basin, any improvement to the water quality of the lake could result in treatment cost savings for the District and for the District's rate payers.

c) Funding Assistance

By partnering with one or more local agencies, the District may be able to fill some of the existing funding gaps related to:

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- public outreach and education programs related to stormwater and water quality improvement,
- oversight and inspection programs related to both private stormwater facilities and onsite sewage disposal,
- implementation of planned stormwater treatment CIPs identified in the *Lake Whatcom Comprehensive Stormwater Plan*,
- compliance with current Ecology Phase II permit requirements, and/or
- many other stormwater and water quality related projects and programs.

d) Habitat Protection

Not only is Lake Whatcom the sole source for water consumption by residents living near the lake and throughout the City, but it also provides crucial habitat to fish in the lake, downstream of the lake in Whatcom Creek, and also for the Whatcom Falls Fish Hatchery. A healthy fish population provides enjoyment to sport fishers in addition to contributing to the overall health of the lake ecosystem.

DOE [2008] released water quality study findings for Lake Whatcom that go into great detail to describe the effect of reduced levels of dissolved oxygen and the correlated phosphorus levels on water quality and aquatic organisms.

“The health of fish and other aquatic species depends on maintaining an adequate supply of oxygen dissolved in the water. Growth rates, swimming ability, susceptibility to disease, and the relative ability to endure other environmental stressors and pollutants are all affected by dissolved oxygen levels” [Pickett and Hood, 2008].

Reduction of phosphorus will also limit algal growth, which in turn increases dissolved oxygen levels.

3. Current Activities and Programs

a) Lake Whatcom Management Team

The District is a partner in the interlocal agreement governing the Lake Whatcom Management Team and actively participates in its meetings at all levels - Policy Group, Executive, and ICT (Inter- Coordinating Team?). The District also provides funding for the Team’s ongoing programs, such as the Invasive Species Program. The Team will be preparing its next five-year action plan in 2014.

b) Education Outreach

The District provides educational materials on various topics to its customers through bill-stuffers and handouts at the District Office. These materials will include ways to reduce stormwater runoff and improve lake water quality.

E. Summary

There are currently many opportunities available to the District to assist in the ongoing stormwater and water quality improvement efforts within the Lake Whatcom Basin. Choosing the right partnering relationship(s), governance type, and project end goals will be critical to building a successful program. The current field for stormwater and water quality management within the basin is crowded with many inter-related and sometimes conflicting mandates that are murky with regard to execution and priority. The District and other local agencies must choose the management areas which are most relevant to their own agency mandate and where they feel they can make the most difference.

The District would ideally like to partner with the City and the County in protecting the quality of Lake Whatcom through stormwater management efforts. Both the JMUSA and interlocal agreement would be potential options for this approach. Becoming a separate stormwater utility is also a potential option if the County and/or the City do not take action to address lake water quality. Considering the existing watershed partnerships and programs and the framework that would most efficiently build upon it, the District's most advantageous governance option for setting up a future management partnering relationship is the JMUSA. This preferred governance option is described in detail below. Some of the key issues to consider when developing a joint stormwater and water quality management strategy are also listed below.

1. Optimal Governance Option for Local Agency Partnering – JMUSA

After reviewing the possibilities, we feel that the JMUSA governing option provides the best option for the District when embarking on a joint stormwater management strategy for the watershed. A JMUSA would allow partnering with the County and/or City by creating a separate legal entity. Formation would not require any of the cost or complications associated with obtaining boundary review board approval, state approval or holding a public vote. The governing RCW specifically requires that the JMUSA agreement address many of the crucial operating issues up-front, (i.e. member financial obligations, process for adding members, conditions for withdrawal, determination of public works laws under which the JMUSA will operate, amendment process, and process for dissolution), limiting District uncertainty.

Although a JMUSA is unable to tax, it does have the ability to set rates and collect fees. This ability would be similar to the watershed fee charged by the City to their residents both inside and outside of the watershed, who rely on Lake Whatcom as their primary potable water source, and similar to the Whatcom County flood control zone fee. The Lake Whatcom Watershed Land Acquisition and Preservation Program is billed to City customers as a base rate combined with a price per cubic foot of water consumed. Through a JMUSA,

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uniform rates or classes of rates could be likewise adopted. Since the governing board of directors must be made up of elected officials from the member governments, the District would be guaranteed a voice in the decisions regarding policy, funding and implementation.

If there is no interest from other entities to create a JMUSA, the District may still consider partnering with the City and/or County through an interlocal agreement (not a separate entity). However, funding would be restricted to budget allocations from the participating members or issuance of bonds.

Lastly, becoming its own stormwater district is an option available if it is determined that the District can more effectively accomplish water quality improvement and lake protection on their own. All of the other governing options detailed above such as the cooperative watershed management partnership, County flood control subdistrict, and Lake and/or Beach management District are not as desirable for the reasons previously mentioned in Section III.

The only real limitation to the JMUSA is that the District needs to already be “in the business” of stormwater and water quality management prior to entering into a JMUSA and, under RCW 57, must adopt a comprehensive plan outlining its goals and responsibilities with respect to stormwater and water quality activities. The District has already undertaken the preliminary planning process which has resulted in this stormwater and water quality chapter of the District’s current comprehensive sewer plan update.

2. Key Issues in Determining Any Joint Stormwater Management Strategy

Within the development of any joint stormwater management strategy, there are a few key issues of which we feel the District should be aware:

- **Public Support and Public Outreach** – For the District to successfully expand its services to include a stormwater and water quality management component, local public support by Lake Whatcom residents will be crucial. Early and frequent public outreach and education will most likely be an important component for the success of any agency partnership.
- **Importance of Establishing Clear Goals and Timelines for Implementation** – By establishing clear, identifiable goals at the outset and tying the accomplishment of those goals commitment to a specific timeline for implementation, the District will avoid entering into an open-ended partnership whose accomplishments are impossible to track and whose costs are difficult to justify.
- **Avoid Inadvertent Assumption of Statutory Authority** – Earlier in this chapter, we provided an overview of the existing management hierarchy associated with stormwater and water quality management in the watershed. Many of the management and regulatory programs detailed are dictated by specific federal, state, and/or local statutes. The District is currently required under its charter to

STORMWATER & WATER QUALITY MANAGEMENT

provide public water and sewer service within its boundaries. If additional funding is obtained for expanding into stormwater and water quality management activities within the watershed, the District may be assuming liability related to the statutory requirements for which another agency is responsible, such as becoming an NPDES Phase 2 permit holder.

- Retain Direct Joint Authority – Any joint partnering effort will probably result in the expending of District resources in the form of money and/or manpower. To offset, the District will likely want to enter into a local agency partnership which allows joint governing authority and guarantees them a voice in the decisions regarding policy, funding and implementation.

F. Chapter References

CH2M HILL. *Lake Whatcom Comprehensive Stormwater Plan*. Prepared for Whatcom County Public Works. March 2008

Department of Ecology, *The Lake Whatcom Watershed Total Phosphorus and Bacteria TMDLs: WQ Study Findings, Volume 1*, Pickett and Hood. November 2008.

Lake Whatcom Reservoir Management Program. 2010. Website:
<http://lakewhatcom.wsu.edu/>. A joint effort of the City of Bellingham, Whatcom County, and Lake Whatcom Water and Sewer District.

VII. DOCUMENTS INCORPORATED BY REFERENCE

The District maintains several documents that are relevant to this Comprehensive Sewer Plan that are hereby incorporated by reference. Since the nature of these documents requires them to be updated more frequently than the Comprehensive Sewer Plan, they have not been integrated into this Plan.

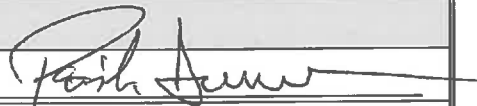
The documents incorporated by reference include:

- District Design and Construction Standards
- Developer Extension Agreement - Master Form
- Capital Improvement Plan
- Master Fees and Charges Schedule (current version is attached in Exhibit I)
- Water System Comprehensive Plan
- District Administrative Code



LAKE WHATCOM WATER AND SEWER DISTRICT

AGENDA BILL

DATE SUBMITTED:	February 4, 2014		
TO BOARD OF COMMISSIONERS			
FROM: Patrick Sorensen	MANAGER APPROVAL 		
MEETING AGENDA DATE:	February 12, 2014		
AGENDA ITEM NUMBER:	7		
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

February 12, 2014

Board Meeting

Important Upcoming Dates:

- **Meetings Associated with the Lake Whatcom Management Program:**
 - **Policy Group Meeting:** The next meeting will be held **March 3, 2014 at 1:30 p.m.** in the Garden Room at the County's Civic Center (Public Works) Building. An agenda for this meeting has not been developed yet. Remember, all Policy Group Meetings are publicly noticed by the District.
 - **Management Meeting:** The next meeting with the Mayor and County Executive is tentatively scheduled to be held in March. A definite date has not been set as of this time.
- **Next Regular Board Meeting:** The next regular meeting is scheduled for **February 26, 2014 at 8:00 a.m.**
- **Next Employee Staff Meeting:** Scheduled for **Thursday, February 13, 2014 at 8:00 a.m.** in the Board Room. Commissioner Millar is scheduled to attend this upcoming meeting. Scheduling is rotated by alphabetical order each month.
- **Washington Association of Sewer & Water Districts (WASWD) Section III Meeting:** The next Section III meeting will be held at Bob's Burger & Brew in Tulalip at 6:15 p.m. on **Tuesday, February 11, 2014.** All WASWD Section III Meetings are publicly noticed by the District.
- **Whatcom Water District's Caucus Meeting:** The next meeting is scheduled for **Monday, February 24, 2014 at 3:00 p.m.** in the District's Board Room.
- **WRIA 1 Planning Unit Meeting:** The next meeting is set for **February 26, 2014 at 6:00 p.m.** in the County's Garden Room. This meeting is publicly noticed in the event that a quorum of the Board is present.

Other:

- **Committee Meeting Reports as Needed:** This is a place holder for Board and staff members to report on recent committee meeting s since the last Board Meeting.