



LAKE WHATCOM WATER AND SEWER DISTRICT
1220 Lakeway Drive
Bellingham, WA 98229

REGULAR MEETING OF THE BOARD OF COMMISSIONERS

AGENDA

June 12, 2019

6:30 p.m. – Regular Session

1. CALL TO ORDER
2. PUBLIC COMMENT OPPORTUNITY
At this time, members of the public may address the Board of Commissioners. 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. Nomination for Appointment of Commissioner Carter as the WASWD Representative to the Washington State Natural Disaster Resiliency Program Study Group
 - B. Board of Commissioners Insurance Discussion
6. OTHER BUSINESS
7. STAFF REPORTS
 - A. General Manager
8. PUBLIC COMMENT OPPORTUNITY
9. ADJOURNMENT



**AGENDA
BILL
Item 4**

Consent Agenda

DATE SUBMITTED:	June 06, 2019	MEETING DATE:	June 12, 2019
TO: BOARD OF COMMISSIONERS		FROM: Rachael Hope	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. See below		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

****TO BE UPDATED 6/12/19 ****

BACKGROUND / EXPLANATION OF IMPACT

- Meeting Notes from the May 29, 2019 Board Meeting
- Payroll for Pay Period #12 (05/18/2019 through 05/31/2019) total to be added
- Payroll Benefits for Pay Period #12 total to be added
- Accounts Payable Vouchers total to be added



**AGENDA
BILL
Item 5.A**

**Nomination to Appoint
Commissioner Carter as WASWD
Representative to Natural Disaster
Resiliency Program Study Group**

DATE SUBMITTED:	June 5, 2019	MEETING DATE:	June 12, 2019
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary, General Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. none		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

The Washington Association of Sewer & Water Districts (WASWD), of which the District is a member, has received a request from the state Office of the Insurance Commissioner to designate a representative for water and sewer districts on the study group created by Senate Bill 5106. Passed during the 2019 legislative session, SB 5106 created a study group to review natural disaster resiliency activities and provide recommendations to the Legislature and Governor on whether Washington State should have an ongoing resiliency program.

The study group consists of at least twenty-seven agencies, organizations and lawmakers. The study group will meet in person at least seven times between September 2019 and November 2020 with assignments to research and submit findings between meetings. The first meeting of the group will be Thursday, September 5, 2019, noon to 3 pm in Olympia.

Commissioner Carter has expressed interest in representing WASWD on the study group. Notification of interest in appointment by WASWD to its study group position is due by email June 13, 2019.

FISCAL IMPACT

Minimal; the District may be responsible for Commissioner Carter’s salary and travel costs to attend study group meetings in accordance with state statute.

RECOMMENDED BOARD ACTION

Staff recommends the Board nominate Commissioner Carter for appointment to WASWD’s position on the natural disaster resiliency program study group.

PROPOSED MOTION

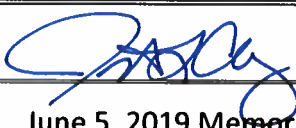
A recommended motion is:

“I move to nominate Commissioner John Carter to be appointed by the Washington Association of Sewer & Water Districts to serve as the WASWD’s representative on the Washington State Natural Disaster Resiliency Program Study Group.”



**AGENDA
BILL
Item 5.B**

**Commissioner Insurance
Discussion**

DATE SUBMITTED:	June 5, 2019	MEETING DATE:	June 12, 2019
TO: BOARD OF COMMISSIONERS		FROM: Justin Clary, General Manager	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS		1. June 5, 2019 Memorandum	
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input checked="" type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

During its 2019 session, the Washington State Legislature passed Senate Bill 5122, which revised RCW 57.08.100 removing the minimum customer base requirement (5,000 customers) for water/sewer districts to have the option of providing health insurance to commissioners. Governor Inslee subsequently signed the bill into law, which becomes effective July 28, 2019. The District currently serves approximately 4,300 customers; therefore, the pending law will allow the District Board to consider providing insurance to its members. The Board has requested discussion pertaining to this topic during a regularly scheduled meeting of the Board. Staff have developed a memorandum (attached) to facilitate policy discussion on this topic.

FISCAL IMPACT

The fiscal impacts of the providing insurance to District commissioners is estimated to be approximately \$79,000 per year (based on 2019 rates and current Board makeup).

RECOMMENDED BOARD ACTION

No action is recommended at this time.

PROPOSED MOTION

Not applicable.



LAKE WHATCOM WATER & SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA, 98229

(360) 734-9224
Fax 738-8250

MEMORANDUM

To: Board of Commissioners Date: June 5, 2019

From: Justin Clary, General Manager *JAC*

RE: Board of Commissioner Insurance Analysis

The Lake Whatcom Water and Sewer District (District) operates as a special purpose district under the authority of Title 57 Revised Code of Washington (RCW), Water-Sewer Districts. During its 2019 session, the Washington State Legislature passed Senate Bill 5122 (see attachment), which revised RCW 57.08.100 removing the minimum customer base requirement (5,000 customers) for water/sewer districts to have the option of providing health insurance to commissioners. Governor Inslee subsequently signed the bill into law, which becomes effective July 28, 2019. The District currently serves approximately 4,300 customers; therefore, the pending law will allow the District Board of Commissioners (Board) to consider providing insurance to its members. The purpose of this memorandum is to facilitate Board discussion relative to consideration of setting policy by which commissioners may be provided health insurance through the District.

Provisions Under RCW 57.08.100

As revised, RCW 57.08.100 provides "A district providing health, group, or life insurance to its employees may provide its commissioners with the same coverage. However, the per person amounts for such insurance paid by the district shall not exceed the per person amounts paid by the district for its employees."

District-provided Insurance

The District currently provides health insurance to its employees and qualifying family members through contract with the Washington State Public Employees Benefits Board (PEBB) Program; a base level life insurance policy (\$35,000) is also provided by the District through PEBB, but only to employees (not family members). The 2019 monthly costs per employee, based upon dependent eligibility are:

- Employee only—\$833 per month
- Employee/spouse—\$1,514 per month
- Employee/family—\$2,025 per month

Under its collective bargaining agreement with AFSCME, the District pays for 95% of applicable insurance costs for union-represented employees (14 employees), with individual employees

paying the remainder. The District pays 100% of the insurance costs for non-represented employees (five employees).

Clarification of RCW Ambiguity

The language in RCW 57.08.100 is relatively general, when considered specific to application under the District's insurance provisions. For example, the District provides insurance to employees and their eligible family members, creating ambiguity relative to if insurance could only be provided to commissioners, or if their spouses and/or family members are also eligible for coverage. Similarly, the District provides a different level of monetary contribution to employee insurance (95% of represented employee costs and 100% of non-represented employee costs). Based on these ambiguities, District staff requested an opinion from the Municipal Research Service Center (MRSC). The MRSC staff recommendation relative to eligibility of coverage for commissioners was:

The district may provide the same benefits to the commissioners that it is providing to its employees. So if the district is providing benefits to its employees and their families, the same benefits could be extended to the commissioners and their families, however the per person cost that the district pays may not exceed the per person cost paid by the district for its employees/spouses/families.

The MRSC opinion relative to monetary contribution of commissioners for insurance coverage was:

While the statute is silent on this issue, I do believe that a comparison of groups, so that the benefits being provided to the commissioners do not exceed a similar group would be appropriate. If Group 1 is covered by a union contract and represents the majority of the employees of the district, while Group 2 represents a smaller pool (for example – management), our guidance would be that Group 1 represents the intent as SB 5122. It would be our recommendation that the district take the more cautious approach and provide the same benefit level as Group 1 (in other words the minimal approach – rather than the maximum). The district should carefully evaluate the differences between these two groups of employees.

Therefore, based upon MRSC's recommendation, District commissioners and their spouses and/or eligible family members are eligible for coverage of 95% of the costs of insurance through the District.

Other Jurisdictions Providing Commissioner Insurance

As the Board may wish to consider how other organizations address this issue, following summarizes insurance coverages provided to elected officials for public agencies that the District has historically used as comparables during development of staff salary surveys:

- City of Bellingham—provides city councilmembers insurance consistent with benefits provided to permanent, part-time exempt employees
- City of Ferndale—does not provide insurance to councilmembers

- Birch Bay Water and Sewer District—provides commissioners insurance as a contribution into a health reimbursement account (HRA) consistent with that provided district employees
- City of Anacortes—provides councilmember insurance at the same level as part-time employees
- Mukilteo Water and Wastewater District—provides commissioners insurance as a contribution into an HRA consistent with that provided district employees
- Alderwood Water and Wastewater District—provides commissioners insurance consistent with that provided district employees
- City of Marysville—no response received at time of publication
- Lake Stevens Sewer District—does not provide insurance to commissioners
- City of Lynden—does not provide insurance to councilmembers

Financial Cost to District

To develop a succinct understanding of the cost to the District if the Board provides insurance to commissioners, staff obtained from each current commissioner the coverage status (i.e., commissioner only, commissioner/spouse, commissioner/family) that would likely apply to them. Under the current Board make up, one commissioner would be commissioner only coverage, four commissioners would be commissioner/spouse, and no commissioners would be commissioner/family. The following table reflects to annual cost to the District, under 2019 costs, for providing insurance to commissioners.

Coverage Category	Annual Cost per Commissioner			Number of Commissioners	Total Annual Cost to District
	Total	District Share	Comm. Share		
Commissioner Only	\$10,044	\$9,542	\$502	1	\$9,542
Commissioner/Spouse	\$18,216	\$17,305	\$911	4	\$69,220
Commissioner/Family	\$24,348	\$23,131	\$1,217	0	\$0
TOTAL					\$78,762

Pros

Positive impacts to the District of providing insurance to each commissioner include, but are not limited to:

- Encourage competitive pool of candidates. Commissioners are currently limited in compensation to what is statutorily allowed (currently \$114/meeting). Increasing the personal benefit to commissioners could result in attracting a larger candidate pool from which the voters may choose from.

Cons

Negative impacts to the District of providing insurance to each commissioner include, but are not limited to:

- **Financial Impact.** The annual financial impact to the District would be approximately \$79,000. As these costs are not currently accounted for in revenue projections, the cost would need to be built into future rate increases, or the current level-of-service expectation would need to be reduced (for example, the projected insurance cost would equate to nearly to the cost of employing one full time equivalent entry-level maintenance worker, or the price of purchasing and equipping one full-size maintenance truck).
- **Ratepayer Perception.** With some of the highest utility rates in the region, there is already a sense of customer stress associated with District rates. Any inclusion of expenses that are not considered essential to providing utility services runs the risk of being heavily scrutinized and/or challenged by the ratepayers.
- **Staff Morale.** District management has already received some feedback from staff regarding the appearance of fairness in providing the same level of benefits to part-time commissioners (commissioner meeting attendance averaged 3.2 meetings per month in 2018) as are provided to full time employees.
- **Potential shift in reason for serving.** With a relatively low personal benefit to serving (limited to salary based on meeting attendance), commissioners largely serve as a means of community service. Through increasing the personal benefit, ulterior motives for serving could occur, prompting commissioners to make decisions based upon what will get them re-elected, rather than what is right for the utility.

CERTIFICATION OF ENROLLMENT

SENATE BILL 5122

Chapter 40, Laws of 2019

66th Legislature
2019 Regular Session

WATER-SEWER DISTRICT COMMISSIONERS--INSURANCE COVERAGE

EFFECTIVE DATE: July 28, 2019

Passed by the Senate February 20, 2019
Yeas 46 Nays 0

CYRUS HABIB

President of the Senate

Passed by the House April 4, 2019
Yeas 81 Nays 12

FRANK CHOPP

Speaker of the House of Representatives

Approved April 17, 2019 12:46 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5122** as passed by Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

Secretary

FILED

April 18, 2019

**Secretary of State
State of Washington**

SENATE BILL 5122

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By Senators Takko, Short, Honeyford, and Hasegawa

Prefiled 01/10/19. Read first time 01/14/19. Referred to Committee on Local Government.

1 AN ACT Relating to insurance coverage for water-sewer district
2 commissioners; and amending RCW 57.08.100.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 57.08.100 and 1996 c 230 s 316 are each amended to
5 read as follows:

6 Subject to chapter 48.62 RCW, a district, by a majority vote of
7 its board of commissioners, may enter into contracts to provide
8 health care services and/or group insurance and/or term life
9 insurance and/or social security insurance for the benefit of its
10 employees and may pay all or any part of the cost thereof. Any two or
11 more districts, by a majority vote of their respective boards of
12 commissioners, may, if deemed expedient, join in the procuring of
13 such health care services and/or group insurance and/or term life
14 insurance, and the board of commissioners of a participating district
15 may by appropriate resolution authorize its respective district to
16 pay all or any portion of the cost thereof.

17 A district (~~with five thousand or more customers~~) providing
18 health, group, or life insurance to its employees may provide its
19 commissioners with the same coverage. However, the per person amounts
20 for such insurance paid by the district shall not exceed the per
21 person amounts paid by the district for its employees.

Passed by the Senate February 20, 2019.
Passed by the House April 4, 2019.
Approved by the Governor April 17, 2019.
Filed in Office of Secretary of State April 18, 2019.

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**AGENDA
BILL
Item 7.A.**

General Manager's Report

DATE SUBMITTED:	June 06, 2019	MEETING DATE:	June 12, 2019
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. General Manager's Report		
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.



LAKE WHATCOM WATER AND SEWER DISTRICT

General Manager's Report

Upcoming Dates & Announcements

Regular Meeting – Wednesday, June 12, 2019 – 6:30 p.m.

Important Upcoming Dates

Lake Whatcom Water & Sewer District			
Regular Board Meeting	Wed Jun 26, 2019	8:00 a.m.	Board Room
Employee Staff Meeting	Thu Jun, 13 2019	8:00 a.m.	Board Room Commissioner Abele to Attend
Investment Comm Meeting	Wed Jul 10, 2019	6:00 p.m.	Small Conference Room
Safety Committee Meeting	Wed Jun 13, 2019	3:00 p.m.	Small Conference Room
Lake Whatcom Management Program			
Data Group Meeting	Thu Jun 13, 2019	9:00 a.m.	City of Bellingham PW Offices 2221 Pacific Street
Policy Group Meeting	Mon Jun 24, 2019	3:00 p.m.	City of Bellingham Fireplace Room 625 Halleck Street
Joint Councils Meeting	March 2020	TBD	TBD
Other Meetings			
WASWD Section III Meeting	Tue Jul 9, 2019	6:15 p.m.	Bob's Burgers, 8822 Quil Ceda Pkwy, Tulalip, WA
Whatcom Water Districts Caucus Meeting	Wed Jun 19, 2019	1:00 p.m.	Board Room
Whatcom County Council of Governments Board Meeting	Wed Oct 9, 2019	4:00 p.m.	Council of Governments Offices 314 E Champion Street

Committee Meeting Reports

Safety Committee:

- During its May 9 meeting, the Committee noted that a number of longstanding action items have been completed.
- Staff CPR/AED/First Aid training conducted on May 23 (two year certification).
- Annual employee-specific on-line safety training complete; each employee met the District requirement to complete training by May 31.

Investment Committee:

- No meetings held since last Board meeting.

Upcoming Important Agenda Topics and Meetings

- Presentation on findings of cathodic protection of District reservoirs on June 26

2019 Initiatives Status

Administration and Organizational Document Review/Revision

Personnel Policies Manual

- Workplace Violence Policy Update
Approved by the Board during February 27 meeting.
- Drug Testing Policy Update
Approved by the Board during February 27 meeting.
- Paid Family & Medical Leave Act Policy Addition
Approved by the Board during February 27 meeting.
- Other revisions as identified/needed

Administrative Code

- Board Meeting Dates/Times
Adopted by the Board during January 30 meeting (Resolution No. 854).
- Purchasing Policy
Adopted by the Board during March 13 meeting (Resolution No. 857).
- Other revisions as identified/needed

Commissioner Protocol Manual

- Work session to review/revise
Adopted by the Board during April 10 meeting.

Health & Safety Program

- Review programs
Ongoing. Safety Committee is currently reviewing the Respirator, Confined Space, and Vehicle Operation SOPs.

File Management System

- Electronic file management structure revision
File management structure has been revised; migration of documents to the new structure is nearing completion.
- Digitize applicable hard copies and file in DocuWare
To be initiated. Anticipate completion by September 30.

Community/Public Relations Enhancement

Website

- Reconfigured the layout of the *About* dropdown menu to make more user friendly.
- Developing content for the *Board of Commissioners* page (commissioner bios).
- Routinely providing alerts, as appropriate, on page (e.g., water main flushing notice)

Intergovernmental Relations

- J. Clary met with Jon Hutchings (Whatcom County PW Director) and Ted Carlson (city of Bellingham PW Director) on May 30 to discuss potential partnerships/means of collaborating.
- J. Clary attended WASWD general managers' meeting at Olympic View Water and Sewer District offices on June 5.

Social Media Program

- Develop/implement social media program
Program implemented February 14.

- Create/manage District LinkedIn account
LinkedIn account is live (www.linkedin.com/company/lake-whatcom-water-and-sewer-district).
- Create/manage District Facebook account
Facebook account is live (<https://www.facebook.com/Lake-Whatcom-Water-Sewer-District-455872278278848>).
- Create/manage District NextDoor account
Working with NextDoor to create an agency account; NextDoor is currently limiting to emergency response agencies.

Press Releases

- District staff recognition press release issued on January 14.

50-Year Anniversary

- Press release/logo
Release issued November 21, 2018; logo developed November 20, 2018.
- Banner
Installed January 10.
- Commissioner/employee jackets with 50th anniversary logo
Jackets distributed to staff during March 14 staff meeting.
- Celebration
Completed during the annual employee banquet on January 11.

Fact Sheets

- Develop District fact sheets
General informational fact sheet on the District created on April 15.

Lake Whatcom Water Quality

Management Program

- Attend organized meetings; initiate additional meetings/discussions outside of program
J. Clary participating on the Interjurisdictional Coordinating Team (ICT) in the development of the Lake Whatcom Management Program 2020-2024 Work Plan (most recent meeting held May 31).
J. Clary attended the May 9 Data Group meeting, and is scheduled to attend the June 13 meeting.

Onsite Septic System Impact Assessment

- North shore monitoring
J. Clary has coordinated a meeting (June 14) with city of Bellingham and Whatcom County staff regarding development of an interlocal agreement between the District, city of Bellingham, and Whatcom County specific to assessment of septic impacts to Lake Whatcom.

Onsite Septic System Conversion Program

- Identify applicable lots
Staff have identified lots to pursue connection to District collection system.
- Implement conversion notification process
Notice of requirement to connect to District sewer system sent to three property owners on February 21.
- Complete conversion
To be initiated; complete by December 31.

Watershed Stormwater Utility

- Participate in utility development process
County staff presented the utility structure and fees during the May 8 board meeting. Staff facilitated Board policy discussion during its May 29 meeting. County Council to discuss the stormwater rate structure ordinance during its June 18 meeting, and hold a public hearing and consider adoption during its July 9 meeting.

Board Technology Upgrades

Board-issued Tablets

- Identify/implement appropriate systems to board
IT provider is configuring Board tablets; anticipate issuance of tablets and conducting training late-June/early-July.

Electronic Board Packets

- Implement electronic-only packet production process
Implement following issuance of tablets to Board.

Asset Management

Asset Location

- GPS District infrastructure in Sudden Valley
Scheduled for summer 2019; complete by October 31. District interviewing GIS intern candidates to complete bulk of work.

Preventative Maintenance

- Develop/refine automatic work order notification process in Cartegraph
Purchase order for Cartegraph modules issued; District staff have been working with Cartegraph on developing the hierarchy of assets for the system; District staff anticipate that this effort will be complete May, and then it will take approximately two months for Cartegraph programmers to implement. Therefore, anticipate project completion by August.

O&M Workload Capacity Analysis

- Implement process in Cartegraph for tracking resource use
Engineering and operations staff continue to track resources specific to utilities.
- Analyze resource allocation data
To be conducted as data becomes available.

New Development Process Refinement

- Revise/implement new development permit/inspection/approval process
This item was previously reported as complete; however, District staff were recently contacted by Sudden Valley Community Association staff regarding the legality of requiring District permits as a condition of SVCA's compliance review process (required at time of making architectural control committee permit meeting appointment). As a result, the District has issued a letter to all individuals that have obtained a Water Availability determination from the District over the past 12 months, notifying them of District limited resources for side sewer inspections and water service installations, and first come-first serve policy relative to the Lake Whatcom land disturbance window (June 1 – September 30).