



## LAKE WHATCOM WATER AND SEWER DISTRICT

1220 Lakeway Drive  
Bellingham, WA 98229

### REGULAR MEETING OF THE BOARD OF COMMISSIONERS

## AGENDA

*September 25, 2019*

8:00 a.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. Presentation—Sudden Valley Water Treatment Plant Raw Water Line Repair
  - B. Resolution No. 861—Revision to Administrative Code Title 2, Fiscal Management Policies
6. OTHER BUSINESS
7. STAFF REPORTS
  - A. General Manager
  - B. Engineering Department
  - C. Finance Department
  - D. Operations Department
8. PUBLIC COMMENT OPPORTUNITY
9. ADJOURNMENT



**AGENDA  
BILL  
Item 4**

**Consent Agenda**

DATE SUBMITTED:	September 19, 2019	MEETING DATE:	September 25, 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 9/24/19 \*\***

**BACKGROUND / EXPLANATION OF IMPACT**

- Meeting Minutes for September 11, 2019 Board Meeting
- Payroll for Pay Period #19 (09/07/2019 through 09/20/2019)
- Payroll Benefits for Pay Period #19
- Accounts Payable Vouchers



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

REGULAR SESSION OF THE BOARD OF COMMISSIONERS  
**Minutes**  
*September 11, 2019*

Board President Laura Abele called the Regular Session to order at 6:30 p.m.

**Attendees:** Commissioner Laura Abele                      General Manager Justin Clary  
Commissioner Todd Citron                      Assistant G.M./District Engineer Bill Hunter  
Commissioner John Carter                      Finance Manager/Treasurer Debi Denton  
Commissioner Bruce Ford                      Operations & Maintenance Manager Brent Winters  
Commissioner Leslie McRoberts                      Recording Secretary Rachael Hope  
District Legal Counsel Bob Carmichael                      Consulting Engineer Melanie Mankamyer

District customers Gretta & Graham Melvin were also in attendance.

**Public Comment**

District customers Gretta and Graham Melvin of 1313 Oriental Avenue spoke to the Board regarding a Notice to Abandon On-Site Sewer Disposal System and Connect to Public Sewer dated February 21, 2019. This notice requires connection to the sewer lines within 18 months. The Melvins shared concerns, including the cost for construction being prohibitively high for a one-income household. The Board requested that the Melvins submit a written request to be considered by the Board at a future meeting, along with other background information on the property. Discussion followed.

**Consent Agenda**

**Action Taken**

Ford moved, Citron seconded, approval of:

- Payroll for Pay Period #17 (08/10/2019 through 08/23/2019) totaling \$49,321.63
- Payroll Benefits for Pay Period #17 totaling \$31,545.92
- Accounts Payable Vouchers totaling \$26,592.81
- Meeting Minutes for August 28, 2019 Board Meeting
- Payroll for Pay Period #18 (08/24/2019 through 09/06/2019) totaling \$45,582.20
- Payroll Benefits for Pay Period #18 totaling \$51,915.48
- Accounts Payable Vouchers totaling \$1,280,213.15

Motion passed.

**Resolution 860 – Revision to the Master Fees and Charges Schedule**

Clary explained that from time to time the Board of Commissioners reviews and updates the District's fees and charges to ensure that the District receives payment for services rendered. The master fees and charges schedule is codified under Title 7 of the District's Administrative Code, with the most

recent revision (Schedule 26) adopted by the Board under Resolution No. 844 during its regularly scheduled meeting on May 30, 2018. District staff completed a comprehensive review of the current schedule and defined a number of recommended revisions including adjustments to fees for equipment, hourly labor, hydrant metering, and permitting and general facilities fees. Discussion followed.

**Action Taken**

**Carter moved, McRoberts seconded, to adopt Resolution No. 860 with an effective date of October 1, 2019. Motion passed.**

**Northshore Road Exposed Sewer Force Main Contract Closeout**

Hunter communicated that Henifin Construction completed all contract requirements for the Northshore Road Exposed Sewer Force Main Project. Staff and the District's engineering consultant recommended accepting the project as complete and closing the contract. This project covered and protected an exposed sewer force main in Agate Creek, and raised the adjacent stream bed to facilitate fish passage over the pipe via a new roughened channel bed.

**Action Taken**

**Citron moved, Ford seconded, to accept the Northshore Road Exposed Sewer Force Main Project as complete and authorize staff to close out the public works project. Motion passed.**

**General Manager Annual Performance Evaluation**

Clary recounted that he entered into an employment agreement with the District on August 29, 2018 to serve as the District's general manager. Mr. Clary's first day of employment with the District was October 1, 2018. Per that agreement, the Board of Commissioners is to evaluate Mr. Clary's performance annually, on or about the anniversary of appointment. Discussion followed regarding the timeline and methods for completing the evaluation.

**General Manager's Report**

Clary updated the Board on several topics, including upcoming interviews with the candidates for Whatcom County Executive and City of Bellingham Mayor, the Sudden Valley Water Treatment Plant raw water line repair, and the vacant Maintenance Worker I position. Discussion followed.

With no further business, Abele adjourned the Regular Session at 7:45 p.m.

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Recording Secretary, Rachael Hope

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Date Minutes Approved

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Laura Abele

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Todd Citron

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Bruce R. Ford

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Leslie McRoberts


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John Carter



**AGENDA  
BILL  
Item 5.A**

**Sudden Valley Water Treatment  
Plant Raw Water Line Repair**

DATE SUBMITTED:	September 17, 2019	MEETING DATE:	September 25, 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 type="checkbox"/>	INFORMATIONAL /OTHER <input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

During the regularly scheduled Board of Commissioners meeting held on August 28, 2019, the general manager apprised the Board of an emergency situation associated with the raw water line for the Sudden Valley Water Treatment Plant, specifically a failing check valve. The purpose of this agenda item is to update the Board on the status of the project.

**FISCAL IMPACT**

The fiscal impacts of replacing installing necessary piping appurtenances to allow for replacement of the failing check valve are estimated at \$40,000.

**RECOMMENDED BOARD ACTION**

No action is required—this is for informational purposes only.

**PROPOSED MOTION**

Not applicable.



**AGENDA  
BILL  
Item 5.B**

**Resolution 861 –  
Revision to Administrative Code Title 2  
Fiscal Management Policies**

DATE SUBMITTED:	September 18, 2019	MEETING DATE:	September 25, 2019
TO: BOARD OF COMMISSIONERS		FROM: Debi Denton, Finance Manager/Treasurer	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS		1. none	
TYPE OF ACTION REQUESTED	RESOLUTION <input checked="" type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

The Board of Commissioners has previously set fiscal management policies under Title 2 of the District Administrative Code, to ensure the long-term fiscal health of District resources. During the course of business, staff wishes to make editorial revisions to portions of Title 2 to enhance consistency and readability.

1. Remove the expiration date associated with rate reductions for low income senior/disabled customers created under Resolution No. 807.
2. Revise Section 2.16, Purchasing Policy, to make it consistent with state law.
3. Update the Title 2, Fiscal Management Policies, of the Administrative Code, as reflected in Exhibit A (attached for reference), which identifies specific amendments to Title 2 with deletions in strikethrough and additions underlined.

**FISCAL IMPACT**

None.

**RECOMMENDED BOARD ACTION**

Staff recommends update of the master fees and charges schedule via adoption of Resolution No. 860.

**PROPOSED MOTION**

A recommended motion is:

“I move to adopt Resolution No. 861 amending the District’s Administrative Code as presented.”

**LAKE WHATCOM WATER AND SEWER DISTRICT  
RESOLUTION NO. 861**

A Resolution of the Board of Commissioners  
Updating Administrative Code Title 2, Fiscal Management Policies

**WHEREAS**, the Lake Whatcom Water and Sewer District ("District") is a special purpose district located in Washington State authorized under Title 57 Revised Code of Washington; and

**WHEREAS**, the District is responsible for planning, improvements, maintenance, and operation of comprehensive water and sewer systems capable of providing reliable service to District ratepayers; and

**WHEREAS**, the District Board of Commissioners has previously set fiscal management policies, codified under Title 2 of the District Administrative Code, to ensure the long-term fiscal health and effective management of District resources in accordance with applicable laws; and

**WHEREAS**, the District Board of Commissioners wishes to fortify portions of its fiscal management policies to position the District for receiving a more favorable bond rating to support financing associated with future capital improvement projects; and

**WHEREAS**, the District Board of Commissioners wishes to make editorial revisions to portions of Title 2 to enhance consistency and readability through the title; and

**WHEREAS**, the District Board of Commissioners wishes to remove the expiration date associated with rate reductions for low income senior/disabled customers created under Resolution No. 807; and

**WHEREAS**, the Washington State Legislature passed during the 2019 legislative session, and the Washington State Governor subsequently signed into law, Engrossed Substitute Senate Bill No. 5418, which revised public works contracting requirements, necessitating the need for the District to revise Section 2.16, Purchasing Policy, of Title 2 of the Administrative Code to make it consistent with state law; and

**WHEREAS**, the District Board of Commissioners has reviewed and determined it appropriate to update the Title 2, Fiscal Management Policies, of the Administrative Code, as reflected in Exhibit A attached hereto for reference purposes only, which identifies specific amendments to Title 2 with deletions in strikethrough and additions underlined; and

**WHEREAS**, the foregoing recitals are a material part of this Resolution;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Lake Whatcom Water and Sewer District, Whatcom County, Washington as follows:

**Section 1.** Title 2 of the District Administrative Code is repealed and replaced with Title 2 of the Administrative Code, as attached hereto as Exhibit B.

**Section 2.** Any resolutions or parts of resolutions in conflict herewith are hereby repealed insofar as they conflict with the provisions of this Resolution.

**Section 3.** If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Resolution. The Board of Commissioners hereby declare that it would have passed this Resolution and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases has been declared invalid or unconstitutional, and if, for any reason, this Resolution should be declared invalid or unconstitutional, then the original resolution or resolutions shall be in full force and effect.

**Section 4:** This Resolution shall be effective immediately.

**ADOPTED** by the Board of Commissioners of Lake Whatcom Water and Sewer District, Whatcom County, Washington, at a regular meeting thereof, on the 25<sup>th</sup> day of September, 2019.

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Laura Abele, Commissioner

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Todd Citron, Commissioner

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Bruce Ford, Commissioner

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Leslie McRoberts, Commissioner

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John Carter, Commissioner

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Approved as to form, District legal counsel



# EXHIBIT A

## TITLE 2 FISCAL MANAGEMENT POLICIES

### 2.1 General Manager's Responsibilities and Limitations

The General Manager shall be the administrator of the District. Appeals of the General Manager's instructions, interpretation of District policy, or decisions may be made to the Board of Commissioners in writing for consideration before a regular or special meeting of the Board. Letters of appeal must be submitted no less than ten days prior to any scheduled Board meeting. Where this Code requires approval by, permission or decision of, or interpretation from the General Manager, the manager may be guided by the laws of Washington State, resolutions of the Board of Commissioners, generally recognized public administrative and engineering standards and practices and by consideration of the operational demands and requirements of both the sewer works and the water treatment/distribution system as well as the peculiarities of construction, topography, soil condition, or other relevant factors. [Resolution Nos. 146, 242A, 785]

### 2.2 Operating & Capital Budget and Expenditure Policies

The Revised Code of Washington Title 57 authorizes water and sewer districts to establish operating and capital improvement policies. From time to time it is necessary for the District's General Manager to procure goods and services on short notice without advance approval or authorization from the District's Board of Commissioners. The General Manager may do so only if it is deemed to be in the best interest of the District and its ratepayers, subject to the following limitations:

1. The General Manager shall develop an operating and capital improvement budget annually for both the water and sewer systems. The annual budget shall provide for the forecasting of revenues and expenditures for the following year. The budget shall be presented to the Board of Commissioners for review and approval prior to the end of December in advance of the new budget year.
2. The General Manager shall be responsible for administration of the District's approved operating and capital budgets.
3. The Finance Manager/Treasurer shall establish appropriate controls to monitor expenditures and the implementation of the adopted budgets.
4. The General Manager and Finance Manager/Treasurer shall develop a monthly budget report and shall present such report to the Board of Commissioners at their ~~second~~<sup>first</sup> regular monthly meeting. A more detailed quarterly financial report will be presented in place of the monthly report in January, April, July and October of each year.
5. The General Manager is authorized to execute contracts on behalf of the District whenever the amount of the contract is ~~\$50,000.00~~<sup>\$20,000.00</sup> or less, provided that the funds for the contract are included in the then-current budget. ~~Prior notification will be sent to the members of the Board by phone, in person, or email unless emergency circumstances prevent such prior notice.~~
6. The General Manager is authorized to approve change orders to District contracts when the amount of the proposed change order is ~~\$50,000.00~~<sup>\$20,000.00</sup> or less, provided that funds for the contract are included in the then-current ~~b~~Budget. ~~Prior notification will be sent to the members of the Board by phone, in person, or email unless emergency circumstances prevent such prior notice.~~

7. Following execution of a contract or change order as referenced in [Sections 2.2\(5\) and 2.2\(6\)](#) above by the General Manager, ~~said contract or change order shall be included within the Consent Agenda for approval by he or she shall report the same to~~ the Board at the next regular meeting of the Board. The Board shall, so long as consistent with this Resolution, take action at such meeting to review and ratify the contract or change order. [Resolution Nos. 767, [861](#)]

### 2.3 Capital Improvement Plan Policy

The District has established as a primary fiscal responsibility the preservation, maintenance and future improvement of the District's capital facilities, equipment, and assets. Proper planning and implementation of sound capital policies and programs assist the District in avoiding fiscal emergencies and unplanned capital costs in the future.

1. A comprehensive multi-year Capital Improvement Plan for the District's water and sewer facilities is updated annually. All projects included in the Capital Improvement Plan shall be consistent with the District's Water and Sewer Comprehensive Plans.
2. The Board will review on an annual basis and establish criteria against which capital proposals should be measured. Included among the factors which will be considered for priority ranking are the following:
  - Projects which will have a positive impact on the operating budget through reduced costs or increased revenues.
  - Projects which are scheduled in the Capital Improvement Plan.
  - Projects which can be realistically accomplished during the year that they are scheduled.
  - Projects that implement previous Board-approved reports and strategies.
  - Renewal and replacement schedule projects.
3. Proposed capital projects should include cost estimates that are complete, reliable and attainable. Project cost estimates for the Capital Improvement Plan shall be based upon a thorough analysis of the project and are expected to be as reliable as the level of detail known about the project.
4. Financial analysis of funding sources will be conducted for all proposed capital improvement projects, in addition to listing the total project costs.
5. The annual capital budget shall include only those projects which can reasonably be accomplished in the time frame indicated.
6. The District will project its equipment needs and will update these projections annually. From this projection, a maintenance and replacement schedule will be developed and followed. The intent of the maintenance program shall be to maintain all assets at an adequate level in order to protect the District's capital investment and to minimize future maintenance and replacement costs; customer's expected level of service and the protection of Lake Whatcom should also be considered.
7. Although the District will generally finance projects on a "pay-as-you-go" basis, the Board may conclude that the most equitable way of funding a project that benefits the entire community will be debt financing in order to provide capital improvements or services in a timely manner.

8. New private community development including residential and commercial projects shall pay for its fair share of the capital improvements that are necessary to serve the development in the form of ~~general capital~~ facilities charges (GFCs).
9. Project proposals should indicate the project's impact on the operating budget including, but not limited to, long-term maintenance costs necessary to support the improvement.
10. Capital projects that are not completed during the fiscal year shall be re-budgeted to be carried over to the next fiscal year. All re-budgeted capital projects should be so noted in the adopted Capital Budget.
11. Capital projects will not be budgeted unless there are reasonable expectations that revenues will be available to pay for them and subsequently fund their operations and services associated therewith.
12. Projects that involve intergovernmental cooperation in planning and funding should be established by an agreement that sets forth the basic responsibilities of the parties involved.
13. A comprehensive inventory of all capital assets shall be conducted and maintained to include estimates of actual value, replacement cost and remaining useful life.
14. Capital projects shall be financed to the greatest extent possible through user fees when direct benefit to users results from the construction of the project.
15. In conjunction with establishing or planning its capital program, the District maintains a ~~six years six-year~~ capital financing plan that supports execution of that program and is capable of sustaining long-term District capital requirements. The capital program incorporates system expansion, upgrades and improvements, and system repair and replacement. The intention is to establish an integrated capital funding strategy.
16. Comprehensive Plans for the District are completed or updated every six years as required by Chapter 57.16 RCW and applicable state regulations, using a 20-year planning horizon. For budgeting purposes, the District maintains a capital projects schedule, the Capital Improvement Plan of at least six years in duration and consistent with the comprehensive long-range plans for the system. The schedule will include the project description, estimated year of construction and total estimated cost. During the periodic rate study review various funding sources are identified as well as estimated capital fund balances, in an effort to identify a potential funding shortfall.
17. The District works to pursue a reasonable capital improvement program through careful balance of pay-as-you-go capital projects and debt financing.
18. District ~~General Capital Facilities Charge (GFCFC)~~ revenue is revenue received from new customers connecting to the water and sewer systems and on expanded development(s). The District reviews and adjusts, if appropriate, the ~~GFCFC~~ as needed.
19. The District utilizes revenue bonds ~~and applicable state and federal loans and grants, Public Works Trust Fund loans, and State Revolving Fund (SRF) loans~~ to assist in ~~c~~Capital ~~f~~Funding whenever necessary. Each capital project that may be funded by a loan is evaluated within the context of the District's capital improvement program and the capital budget. Alternative financing sources are

always considered. The District will not issue or accept long-term debt to finance current operations. [Resolution No. 826, 861]

## 2.4 Accounting, Auditing, Internal Controls & Financial Reporting

This policy is meant to establish an adequate system of internal controls over the treasury function. The objective of this policy is to provide an environment of limited internal risk for the District's assets and to ~~ensure~~insure accuracy of accounting records and timely reporting and recording of financial information. Software and online account control for the bank will utilize a dual control environment. No one employee will be able to complete a disbursement of money out of the District's accounts, except for transfer to and from the State Local Government Investment Pool (LGIP) by the Finance Manager/Treasurer.

Function	Responsible Party
Authorize investment transactions	General Manager or Investment Committee
Execute investment transactions	Finance Manager/Treasurer
Transfer to and from the LGIP	Finance Manager/Treasurer
Recording of investment transactions	Finance Manager/Treasurer
Reconcile investment statements to internal records	Finance Manager/Treasurer
Reconcile treasury records to accounting system	Finance Manager/Treasurer
Review financial institutions from investments, safekeeping and banking	Finance Manager/Treasurer
Approve changes to Investment Policy	Board of Commissioners
Annual review of Investment Policy	Board of Commissioners
Reconcile checks, payments, ACH, and out-going wires to internal records	Finance Manager/Treasurer or General Manager
Annual review of Rates and Charges	Board of Commissioners
Quarterly review of investment portfolio	General Manager & Investment Committee
Quarterly review of Current Rate Structure	General Manager & Investment Committee
Quarterly review of Comprehensive Plan	Engineering Department
Quarterly review of Capital Improvement Plan	Engineering Department

### 2.4.1 Accounting Records and Reporting

The District will maintain its accounting records in accordance with state and federal regulations. Budgeting, accounting and reporting will conform to Budgeting, Accounting and Reporting System (BARS) for governments as prescribed by the Washington State Auditor.

### 2.4.2 Auditing

The State Auditor will at a minimum, bi-annually perform the District's financial and compliance ~~a~~Audit. Results of ~~each the annual~~ audit will be provided to the Board in a timely manner. An annual financial report shall be prepared in accordance with generally accepted accounting principles and shall be distributed to any interested party.

### 2.4.3 Simplified Fund Structure

To the extent possible, the District will minimize the number of ~~f~~Funds.

#### 2.4.4 Cash Management

The Finance Manager/Treasurer will develop, maintain and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets. All cash received by the District will be deposited with the Finance Department prior to the end of each business day.

#### 2.4.5 Cash Handling Policy

Only employees who have been trained and certified by the Finance Manager/Treasurer shall handle cash on a regular basis. Staff members who handle cash shall:

1. Deposit funds within twenty-four hours of receipt or on the next banking day after receipt unless otherwise authorized by the Finance Manager.
  2. Comply with the policies and rules established by the Finance Manager for handling and processing cash, and for the documentation of related records.
  3. Notify the Finance Manager of any loss or theft of District money immediately upon discovery.
- [Resolution Nos. 727, [861](#)]

### 2.5 Authority to Approve Certain Vouchers

Generally, the District's payment vouchers shall be approved by the Board of Commissioners; however, the District's management is authorized to approve vouchers, for the principal purpose of avoiding late payment penalties, with regard to the following obligations of the District: (a) utility bills; (b) credit card bills, including those for Visa and fuel companies; and (c) other obligations to which a late payment penalty may attach if not paid within less than thirty days of presentment to the District. A list of all such vouchers shall be submitted to the Board of Commissioners for their approval. Checks are signed and mailed after the Consent Agenda is approved by the Board at their regular meeting. All provisions of RCW 42.24.180 shall be followed, and individual fidelity bonds shall be provided for the District management at the District's expense by a surety acceptable to the Board in the sum of \$50,000.00 each. [Resolution No. 785]

### 2.6 Auditing Officer

The General Manager of the District shall be the auditing officer of the District, and the Assistant General Manager/District Engineer of the District shall be the auditing officer of the District in the absence of the General Manager. [Resolution No. 785]

### 2.7 Master Fees and Charges Schedule

The District's current rates and charges are set by the Board in accordance with RCW 57.08.005 and are codified in Title 7 of this Administrative Code. [Resolution Nos. 806, [861](#)]

### 2.8 Fees / Charges Adjustment Authority

The District has established fees and charges which it applies on a uniform basis and the payment of its rates, fees and charges are required by law to reflect the cost of service. The District's policy and procedures manual permits the waiving of late charges and allows the District to not shut off service,

place a lien against property, and pursue collection under certain circumstances, where a customer adheres to a payment plan approved by the Finance Manager. The cost-efficient and fair administration of such fees and charges and timely response to District customers is facilitated by delegating to the General Manager authority to adjust certain fees and charges or to dismiss same under very limited circumstances listed below:

1. Applications to dismiss or adjust fees or charges shall be referred to the District's Finance Manager for investigation.
2. The Finance Manager shall make a written recommendation regarding an application for adjustment to the General Manager after completing his/her investigation.
3. The General Manager is authorized to make adjustments and write-offs of fees or charges where investigation reveals that a fee or charge was erroneously imposed by the District.
4. The General Manager is authorized to reduce a single fee or charge, or a combination of fees or charges based upon the recommendation of the Finance Manager, the policies underlying adoption of a fee or charge for the conduct in question, and any mitigating circumstances presented by the applicant.
5. Additionally, in accordance with the existing Leak Adjustment Policy, either the General Manager or the Finance Manager may waive late charges on the leak amount if the customer adheres to a prearranged payment schedule.
6. The General Manager's decision on such applications shall be the final decision of the District, unless appealed in writing to the Board of Commissioners within 30 days following receipt of the decision on the application.
7. A written report of all said adjustments and write-offs will be presented to the Board of Commissioners once a month with the Consent Agenda for informational purposes.
8. This title does not permit the General Manager to write off ULID assessments or forgive debts due to the District in contravention of State law. [Resolution No. 766]

## **2.9 Charges for Labor, Materials, Equipment, and Overhead**

Rates to be charged by the District for work performed are ~~defined~~contained in the District's current "Master Fees and Charges Schedule". [Resolution No. 806]

## **2.10 Water and Sewer Service Billing**

### **2.10.1 Unified Water/Sewer Rate Policy**

The Board has adopted a unified rate structure for all of its water and sewer service areas. All water and sewer rates and charges shall be in accordance with the District's current Master Fees and Charges Schedule. [Resolution Nos. 669, 782]

### 2.10.2 Rate Setting Policy

The District's rates and charges are based upon the cost of service and are designed to provide for the prudent financial management of the District. When setting the rates, the Board of Commissioners not only have to be sure that there will be enough money to pay for the day to day operations of the District but also to cover future infrastructure upgrades, repairs and replacements. Since rate setting is such a complex issue, the District has periodic rate studies done by a rate consultant. In 2003 the Board implemented a policy of increasing the District's rates in small increments on an annual basis. When setting ~~rates~~rates, it is important to use a methodology that is "generally accepted".

1. Financial Stability: The financial stability of the District also provides rate stability. Rate stability reinforces that costs are being managed and controlled. To the extent the District is able to control and predict its annual operating costs including wholesale rate increases, the District should attempt to keep customer rates and/or rate increases as stable as possible.
2. Revenue Requirements Analysis: Revenue requirements will be established on a "cash basis" approach. The "cash basis" approach includes operation and maintenance expenses, debt service and capital improvements funded from rates. The revenue requirements, as defined herein, are the basic components. Revenue requirements should also include any other cost items requiring funding or needed to operate the District on a financially stable basis. At a minimum, revenues and costs will be projected for a ~~six~~five-year projected ~~test~~-period. Costs associated with mandated program requirements will be identified and included within the "cash basis" approach.
3. Cost of Service Analysis: A cost of service study will be utilized to assist in establishing appropriate rates for individual customer classes. The cost allocation methodology will utilize techniques that are "generally accepted" by the industry. The cost of service will consider the specific circumstances and unique characteristics of the District.
4. Rate Design Analysis: Rate designs will be reflective of District needs and also reflect the specific goals and objectives of the District. Meeting District goals at a reasonable cost to the customer should also be an important consideration in utility rate design. Rates will recognize and attempt to incorporate a fixed charge for the up-front fixed costs associated with serving customers and a usage or volumetric charge that attempts to recover the variable costs of operating the District. Rates will be set at a level that recovers necessary costs, but flexible enough to accomplish the District's objectives. Rates should be designed to be equitable, and detailed to a sufficient level to reflect the service provided.
5. Rate Stability: The District reviews rates on an annual basis to assure that they provide sufficient revenues. The rates are reviewed in the context of these policies to assure that they are adequately funding the District. Small annual rate adjustments are preferable when compared to large single adjustments for multi-year periods. Annual rate reviews will consider a ~~six~~five-year projected period to attempt to stabilize and minimize ~~rate increases~~rates over time.
6. Rate Impacts: District rates are the primary communication the District has with its customers. Whenever possible, the District's rates should be easy to understand, stable from year-to-year and should minimize the overall impacts to customers. Rates will be structured to promote understanding by the District's customers. In establishing rates, the District will balance the needs of the District and the policies established therein, with the varying impacts those rates may have on District customers. [Resolution Nos. 825, 861]

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### 2.10.3 Water and Sewer Service Billing

The District's policy in setting rates is that they shall be fair, equitable, understandable, and provide for the prudent financial management of the District. The District shall use the following procedures for billing:

1. District regular billing for water and sewer (if applicable) service and surcharges will commence or recommence as of the date the curb stop valve is unlocked and/or reopened.
2. Bills are due on the 20th of the month following the date of the bill. A five calendar day grace period for overdue payment is granted before a late charge ~~of 10%, or~~ as listed on the current Master Fees and Charges Schedule, of the total past-due utility services balance is assessed. Late charges are refundable if the late payment is a result of District staff error or circumstances beyond the customer's control, subject to the General Manager's approval. ~~Payments~~Bills must be received ~~at the District in the~~ office by the close of business on the 25th of the month to avoid a late charge, regardless of the date postmarked.
3. For those accounts where water service charges are not paid within 60 days after the billing date, the District may place a water service interruption warning door-hanger. If the bill is not paid within the allotted time stated on the door hanger, the meter may be padlocked until the bill is paid in full along with the charges associated with processing the door hanger and shutting off the water.
4. Regular bi-monthly billing may be suspended while service is interrupted and the District padlocks the curb stop valve whether the interruption is voluntary or not. Regular billing will continue whether service is voluntarily or involuntarily interrupted, until the curb stop valve is closed and locked. When the curb stop valve is closed and locked for any reason, the District will suspend all prospective water and sewer (if applicable) billing and surcharges.
5. All unpaid water and sewer service charges when delinquent for 60 days or more shall be a lien against the property being served. In the event the customer fails to bring the account current within six months, the account may be referred to the District's legal counsel to begin formal foreclosure proceedings against the property.
6. See the current ~~"Master Fees and Charges Schedule"~~ for all fees and charges associated with billing. [Resolution Nos. 820, 861]

### 2.10.4 Billing Notices

Billings will normally be mailed to the legal owner of the property served, and his/her designated property manager. Failure to receive such bills shall not relieve the owner from the obligation to pay same, nor shall it relieve the property owner from the payment of late fees. [Resolution No. 782]

### 2.10.5 Voluntary Temporary Suspension of Water Service Billing

The regular bi-monthly water bill may be suspended at the property owner's request. To initiate the suspension of billing, the property owner must submit a written request to the District along with paying all current charges due on the account and the applicable administrative fee (~~See the Master List of~~

~~Miscellaneous~~ Fees and Charges ~~Schedule~~). The District will then lock the curb stop valve and suspend the water service billing until the property owner requests to resume water service. [Resolution No. 782, ~~861~~]

#### **2.10.6 Voluntary Temporary Suspension of Sewer Service Billing**

Sewer-only customers may request a sewer service interruption to suspend billing during normal business hours. Prior to billing suspension, the customer must:

1. Pay all fees as set forth in the District's Master Fees and Charges ~~S~~chedule,
2. Obtain a District permit to install the two-way cleanout~~,-~~
3. Install a two-way cleanout at the property line per current District Standards by a District bonded side sewer contractor, ~~and~~,
4. Sign a damage waiver on a form approved by the District, releasing the District from any damages that may result from the sewer service interruption.

The District will install a plug in the two-way cleanout to prevent flow in the service line. Billing suspension begins when the plug is installed. Only the District may remove the plug. It is the customer's responsibility to notify the District, in writing, at least two (2) business days prior to the customer's desired date for return to service. In the event that the plug is removed before the District receives such a request for removal of it, the customer shall be charged for sewer service from the date of billing suspension through the date the plug was found removed. [Resolution Nos. 709, 782, ~~861~~]

#### **2.10.7 Suspension of Billing for Unoccupied Premises**

The Board of Commissioners authorizes the suspension of water and/or sewer services without charging a fee, under certain circumstances such as a house that has been destroyed by fire. The water and/or sewer billing will be suspended provided that:

1. The structure in question is removed, condemned, destroyed, or no longer requires water and/or sewer service in the opinion of the General Manager, and
2. The property owner requests in writing the suspension of service and service charges to the structure, and
3. The water meter is locked or removed when the service is suspended, and
4. The account is paid current to the first of the month following the District's receipt of the property owner's written request before the billing will be suspended. [Resolution Nos. 444, 782]

#### **2.10.8 Water Leak Adjustments**

The District will adjust high customer water bills resulting from in-ground water service line breaks between the water meter and the outermost exterior walls of the structure. The leak adjustment request must be made in writing by the property owner and include evidence that the leak is now repaired either by enclosing a paid invoice or a receipt for repair parts. If there are no invoices or

receipts available, a written assertion that the leak is now repaired is acceptable. To calculate the adjustment:

1. Water consumption figures from the same billing period in the previous year are used to calculate the leak adjustment. If less than one year's usage history exists, the current base rate allowance will be used as a non-leak quantity basis. The District will credit qualifying leak adjustment dollar amounts to the current or next customer bill. There is no cap to limit the customer's costs.
2. The District's rate structure adopted on September 10, 2014 established a tiered rate structure for water. Water usage exceeding 2,500 cubic feet in a ~~two-month~~two-month billing period is billed at a higher "water conservation" rate. For the purpose of calculating leak adjustment credits, water usage over 2,500 cubic feet will be billed at the lower tier rate.
3. Water leak adjustments are limited to one adjustment per account per ~~12-month~~12-month ~~period~~calendar year. When a leak occurs, the overage may be reflected on more than one consecutive billing cycle. In those instances, the District will utilize both contiguous cycles for the purpose of calculating leak adjustment credits.
4. The District will set up an incremental payment schedule on the remaining balance of the leak amount at the customer's request. Payment schedules must be arranged in a way that ensures payment of the current two-month minimum billing plus an installment on the extraordinary portion of the bill. The extraordinary portion of the bill must be paid in full within six months of incurring the charges. Late charges on the leak amount will be waived if the customer adheres to the prearranged payment schedule. [Resolution Nos. 821, 861]

#### **2.10.9 Low Income Senior/Disabled Water and Sewer Rates**

As authorized by RCW 57.08.014 ~~and Resolution No. 807~~, the Lake Whatcom Water and Sewer District offers uniformly reduced rates across the service area to qualified low-income seniors and disabled customers for water and sewer utilities provided by the District. Notification of such reduced rates will be provided to all persons serviced by the District annually, and upon initiating service. Eligible customers must:

1. Have an individual account serving one (1) equivalent residential unit (an account serving multiple equivalent residential units such as duplexes, multi-family, or condominium is not eligible);
2. Be the property owner and reside in the residence where the discount rate(s) are applied;
3. Provide Property Tax Exemption documentation from the Whatcom County Assessor's Office;
4. Agree that the application is public record and subject to public disclosure, waive any claim of confidentiality in any information provided and to release Lake Whatcom Water and Sewer District, and its employees, agents, offices, and Commissioners from any liability or claims which might arise from the disclosure of such information to any other party or entity; and
5. Agree that the discounted rate will commence on the next billing date after the application is approved and only continue for the time period when such rates are listed and set forth in the current Master Fees and Charges Schedule.

[Resolution Nos. 807, 834, [861](#)]

#### **2.10.10 Utility Billing Reconciliation Back Billing**

Upon discovery of unauthorized water or sewer connection(s) to the District system, the District shall send written notice of the unauthorized connection(s) to the property owner of the property benefiting from such connection(s) along with any applicable invoices described in subsection 1 and 2 below.

1. Monthly Service Fees. Along with the aforementioned written notice, the District shall send to the property owner an invoice for service received from the unauthorized water or sewer connection(s) for the time period such connection(s) was in place, up to a maximum of six (6) months back from the date the notice is sent. Said property owner shall be required to promptly reimburse the District for such water or sewer service received for the term in the invoice, and shall commence paying for such service going forward, at regular District rates in place at the time service is provided.
2. Connection Charges. Along with the aforementioned written notice, the District shall send to the property owner a second invoice for connection charges for the unauthorized water or sewer connection(s). The connection charges for the unauthorized connection(s) shall be in the amount of the connection charge in place at the time of the notice, or the time payment is received, whichever is greater. Notwithstanding the foregoing, the District will not collect connection charges for unauthorized water or sewer connection(s) that have been in place for more than six (6) years from the date of the written notice to the property owner, unless the District had no reason to know of the existence of the unauthorized connection(s), in which case the connection charges must be paid regardless of how long the unauthorized connection(s) was in place.
3. At the discretion of the General Manager, a payment plan may be established for the required reimbursement for the monthly service fees and connection charges for unauthorized connections discovered by the District, in accordance with this section.

[Resolution No. 834]

### **2.11 Payment Methods**

#### **2.11.1 Credit and Debit Cards**

The District will accept credit and debit cards for payment of utility billing, water and/or sewer permits, and all other fees and charges imposed by the District. The District will accept VISA, Discover, and MASTERCARD. Online payment is available via the District's website using a credit card, debit card or checking account.

~~A flat fee, to be reviewed and determined annually, will be collected at the time of charge for credit, debit, or on-line payments. Fees are listed in the current Master Fees and Charges Schedule.~~

[Reference Resolution Nos. 693, 778, [861](#)]

### **2.12 Office Petty Cash Fund**

#### **2.12.1 Petty Cash – Change Drawers**

The District maintains an office petty cash fund of \$600.00 for the purpose of making change for customers who pay for service fees or utility bills in cash. When not in use, the ~~\$600.00~~ cash is kept in

the office safe in two separate cash drawers of \$300.00 each. The Accounting Clerk, Accounts Receivable Clerk and Finance Manager/Treasurer are authorized to make change for customers from the Office Petty Cash Fund. The funds in the cash drawers are counted and reconciled on a daily cash basis, usually at start of the next work day. The Finance Manager/Treasurer acts as the custodian for the Office Petty Cash Fund. [Resolution Nos. 792, 861]

### **2.12.2 Petty Cash – Checking Account**

The District maintains a Petty Cash Fund in the form of a checking account for the purpose of handling minor miscellaneous expenditures associated with the District's business. All purchases require a corresponding receipt. Whenever practicable payments are to be made to a third party, however, reimbursements to staff members or commissioners for qualifying out of pocket expenses are also allowed. The Petty Cash account may also be used for meals served during meetings or for employees working overtime during an emergency. Checks require two signatures from staff members who are registered signatories on the account. The Petty Cash Fund carries a balance of \$1,000.00. The Finance Manager/Treasurer acts as the custodian for the Petty Cash Fund. [Resolution Nos. 487, 666]

### **2.12.3 Use of District Credit Cards for Travel Expenses and Purchases**

District employees and commissioners may purchase goods and services for District use, and may pay travel expenses related to District business, using a District credit card, subject to the following conditions:

1. The credit limit for each card shall be \$5,000.00
2. The credit card may be used for the purchase of items or travel expenses approved in the current District fiscal year budget, and for no other purpose.
3. Cash advances on any District credit card are prohibited.
4. The purchase of alcoholic beverages on any District credit card is prohibited.
5. For travel expenses, an itemized travel expense voucher shall be submitted to the District within thirty (30) days of expenses incurred pursuant to RCW 42.24.115.
6. There shall be six credit cards. A credit card user agreement shall be kept on file for each employee specifically identified below, and any other District employee to whom a card may be disbursed:
  - a. General Manager
  - b. Finance Manager/Treasurer
  - c. Assistant General Manager
  - d. Operations & Maintenance ~~Maintenance & Operations~~ Manager
  - e. Two credit cards for staff and commissioners will be dispersed by the Finance Manager/Treasurer for authorized short-term use. These two cards shall be promptly returned and remain in the possession of the Finance Manager/Treasurer when not in use. [Resolution Nos. 850, 861]

### 2.13 Investment of Excess District Monies

It is the policy of the District to invest its funds in a manner that will provide the highest return with maximum security while meeting daily cash flow demands. All investments will conform to state and local ~~statutes~~ ~~statues~~ governing investment of public funds. The District will consolidate cash and reserve balances from all funds to maximize investment earnings. The primary objectives of investment activities are safety, liquidity and yield. The Finance Manager/Treasurer is responsible for the District's investment program and shall apply the prudent person standard in the context of managing the portfolio. [Resolution Nos. 712, 714]

### 2.14 Investment Committee

The District's Investment Policy is reviewed annually by the Investment Committee, comprised of the Finance Manager/Treasurer, General Manager and two Commissioners appointed by the Board. Any modifications made to the Investment policy must be approved and adopted by the full Board of Commissioners. [Resolution No. 714]

### 2.15 Fixed Assets

The District shall establish and maintain internal control procedures and documents to track attractive (theft sensitive) asset acquisition, annual verification of existence, physical condition, relocation, maintenance and/or repair, alteration, transfer and disposal. [Resolution No. 812]

### 2.16 Purchasing Policy

Lake Whatcom Water and Sewer District will acquire equipment, materials, and services in a manner that results in the most efficient delivery of services considering cost and value received.

To avoid conflicts of interest, procurement will be impartial. Procurement of goods and services will provide the District with the best quality for the best value. Purchases will be made within budget limits and to meet goals and objectives approved in the District's budget. Potential purchases that are not within budget limits will be pre-approved through a budget amendment process. For purchases of goods or services in the amount of \$50,000.00 or less, the District General Manager shall have authority to award contracts or authorize purchases, provided that the funds for the contract or purchase are included in the then current budget. The Board of Commissioners shall award all contracts or authorize purchases over \$50,000.00.

The District reserves the right to implement a more stringent process than that which a purchase of goods or service may qualify for under Sections 2.16.4 through 2.16.8 if, in the opinion of the District General Manager, it is to the District's benefit to follow a more stringent process. [Resolution Nos. 833, 857]

#### 2.16.1 Definitions

1. "Contract" means a contract in writing for the purchase of a good, material, or equipment, or for the execution of a public work or service for a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the purchasing processes set forth herein.

- 2. "Emergency" as defined by RCW 39.04.280, means any unforeseen circumstance beyond the control of the District that either presents a real, immediate danger to the property performance of essential functions, or will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. This includes declared federal or state disasters, as well as local agency-declared disasters.
- ~~2-3.~~ "Equitably distribute opportunities" means that the District may not favor certain contractors on the appropriate small works roster over other contractors on the same roster who perform similar services.
- ~~3-4.~~ "Personal services" are services that are rendered by any person, other than as an employee of the District, contracting to perform activities that require technical expertise but are not professional services.
- ~~4-5.~~ "Professional services" are services as defined in RCW 39.80.020(5) that are rendered by any person, other than as an employee of the District, contracting to perform activities within the scope of the general definition of professional practice in Chapters 18.08 (Architects), 18.43 (Engineers and Land Surveyors), or 18.96 (Landscape Architects) RCW.
- ~~5-6.~~ "Public Work" as defined in RCW 39.04.010, means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the District or with public funds. All public works, including maintenance when performed by contract shall comply with Chapter 39.12 RCW.
- 7. "Purchased services" are services that are rendered by vendors for routine, necessary, and continuing functions of the District. These services are usually repetitive, routine, or mechanical in nature, support the District's day-to-day operations, involve the completion of specific tasks or projects, and involve minimal decision-making.
- ~~6-8.~~ "Unit-priced contract" means a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operations needs of the District, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at the defined unit price for each category of work. [Resolution Nos. 857, 861]

### 2.16.2 Waiver of Competitive Bidding

The Board of Commissioners may waive competitive bidding requirements pursuant to RCW 39.04.280 if an exemption contained therein applies to the purchase or public work; provided that, any such waiver on the grounds that the contract is for a "sole source" purchase or service must also conform with the requirements of RCW 39.26.140. Immediately after a contract award is made, the contract and the factual basis for the exemption must be recorded and open to public inspection; except that, in the case of an emergency, the requirements of Section 2.16.3 shall be followed.

The Board of Commissioners may also waive competitive bidding requirements pursuant to RCW 39.32.090 which allows the District to purchase supplies, materials, electronic data processing and telecommunication equipment, software, services, and/or equipment through the United States government without calling for bids, notwithstanding any law or charter provision to the contrary. [Resolution Nos. 833, 857]

### 2.16.3 Emergency Public Works and Purchases

1. Declaration of Emergency. If an emergency exists, the Board of Commissioners, General Manager,

District Engineer/Assistant General Manager, Operations Manager, or Finance Manager, will issue a written declaration that an emergency exists, waiving competitive bidding requirements, and award all necessary contracts to address the emergency. If a federal or state emergency has been declared, the Board of Commissioners should pass a resolution acknowledging the declaration.

2. Emergency Board of Commissioner Meetings. Per RCW 42.30.070, emergency meetings are exempt from the normal 24-hour special meeting notice requirements of the Open Public Meetings Act.
3. Public Record of Emergency Contracts. Per RCW 39.04.280, if an emergency contract is awarded without competitive bidding, the Board of Commissioners or its designee must enter a written finding of an emergency into the public record no later than two (2) weeks following the contract award.
4. Once the emergency situation has been stabilized, the District will proceed with additional work or repairs using its normal procedures. [Resolution Nos. 834, 857]

## **2.16.4 Purchases of Supplies, Materials or Equipment**

### **2.16.4.1 Approval of Purchases**

A manager acting within the budget is authorized to provide for purchases of supplies, materials, or equipment in accordance with this Section. The General Manager may implement reasonable administrative procedures for purchases of supplies, materials, or equipment consistent with these policies. [Resolution Nos. 833, 857]

### **2.16.4.2 Establishing a Vendor List**

Per RCW 57.08.050 and RCW 39.04.190, the District shall establish a vendor list for purchases of supplies, materials, or equipment less than \$50,000.00, or in such different amount as authorized by future legislative amendment. New vendors may be added to the District's vendor list at any time. Publication of List: Twice a year the District shall publish in a local newspaper notice of the existence of the District's roster of vendors, and shall solicit names of vendors for the roster. [Resolution Nos. 833, 857]

### **2.16.4.3 Purchase Orders**

Purchase orders shall be used for all purchases greater than \$1,000.00 unless purchase is made by formal written contract. For purchases less than \$1,000.00, a signed receipt must be turned in to the finance department. A District manager may designate a monthly purchase order for vendors with repeated purchases, so long as such purchases from any one vendor, when aggregated on an annual basis, otherwise comply with Section 2.16.4. [Resolution Nos. 833, 857]

### **2.16.4.4 Purchase of Low Cost Items (less than \$1,000.00)**

For items under \$1,000.00, quotes need not be obtained if a manager believes there is sufficient prior experience with purchasing the item to ensure that the price obtained is competitive. In such cases, it is not practicable to research comparative prices because the cost of the investigation is likely to exceed the value of potential savings, and because there are not sufficient staff resources to devote to the process for such minor purchases.

The General Manager still may require quotes for purchases under \$1,000.00 if, in the judgment of the General Manager, it is necessary to ensure a competitive price. [Resolution Nos. 833, 857]



#### **2.16.4.5 Purchases less than \$40,000.00**

The District is not required to use a formal contract when the total estimated cost of the purchase does not exceed \$40,000.00. Purchase orders shall be used as described in Section 2.16.4.3. [Resolution Nos. 833, 857]

#### **2.16.4.6 Purchases less than \$50,000.00**

Any purchase of materials, supplies, or equipment, with an estimated cost of less than \$50,000.00, or such different amount as may be authorized by future amendment of RCW 57.08.050, may be awarded as provided herein.

The District shall secure telephone or written quotes from vendors on the District's current established list of vendors for the appropriate category of materials. Quotes received by e-mail or facsimile transmission shall qualify as written quotes. This process is intended to assure a competitive price and to award contracts for purchases of materials, supplies, and equipment to the lowest responsible bidder. Whenever possible, the District shall obtain quotes from at least three vendors on the District's current established vendor list. Procedures for establishing and maintaining a vendor list are described in Section 2.16.4.2.

Immediately after the award is made, the bid quotations obtained shall be recorded, open to public inspection, and shall be made available by telephone inquiry. [Resolution Nos. 833, 857]

#### **2.16.4.7 Purchases greater than \$50,000.00**

Any purchase of materials, supplies, or equipment with an estimated cost of \$50,000.00 or more, or such different amount as authorized by future amendment of RCW 57.08.050, must be competitively bid per RCW 57.08.050. [Resolution Nos. 833, 857]

#### **2.16.4.8 Alternative Purchasing Process**

As an alternative process for purchasing materials, supplies and equipment, the District may let any contract for purchase of materials, supplies, or equipment with the suppliers designated on current state agency, county, city, or town purchasing rosters for the materials, supplies, or equipment, when the roster has been established in accordance with competitive bidding law for purchases applicable to the state agency, county city, or town. The price and terms for purchase shall be as described on the applicable roster. [Resolution Nos. 833, 857]

### **2.16.5 Public Works Contracts**

#### **2.16.5.1 Contracts less than \$50,000.00**

The District need not comply with formal bidding procedures as set forth in RCW 57.08.050 when the estimated cost does not exceed \$50,000.00. [Resolution Nos. 833, 857]

#### **2.16.5.2 Contracts less than \$350,000.00**

The District may use the small works roster as described in RCW 39.04.155(1) and section 2.16.5.4 for public work with an estimated cost of \$350,000.00 or less. [Resolution Nos. 833, 857, 861]

### **2.16.5.3 Contracts greater than \$3500,000.00**

All public work estimated to cost in excess of the small works roster maximum of \$3500,000.00, or such different maximum amount as may be authorized by future legislative amendment, shall be subject to formal competitive bidding procedures required by applicable state law. [Resolution Nos. 833, 857, 861]

### **2.16.5.4 Contracts Utilizing Small Works Roster**

All contracts for public work which are not exempt from public bidding under RCW 57.08.050, as hereafter amended, the estimated cost for which is three hundred fifty thousand dollars (\$350,000.00) or less pursuant to RCW 39.04.155, or in such different estimated cost threshold as provided in future amendment thereof, may be awarded as provided herein. Said estimated costs shall include the costs of labor, material, equipment and sales and/or use taxes as applicable.

- a) **Cost.** The District need not comply with formal sealed bidding procedures and may award public works contracts in conformance herewith for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property.
- b) **MRSC and Roster Options.** The General Manager is authorized to contract with Municipal Research and Services Center of Washington (MRSC) for roster service. While under contract with MRSC, MRSC will adopt for District use those state-wide electronic databases for small public works roster developed and maintained by MRSC. The District may utilize said state-wide electronic databases for selection of contractors in conformance with this Chapter.
- c) **Publication for Contractors on Small Works Roster(s).** At least once a year, on behalf of the District, MRSC shall publish in the Bellingham Herald a notice of the existence of the small works roster or rosters and solicit statements of qualifications from firms providing contractor services. Such advertisements will include information on how to find the address and telephone number of a representative of the District who can provide further details as to the District's projected needs for public works contractors from the small works roster. Firms or persons providing public work contracting services shall be added to appropriate MRSC roster or rosters at any time that they submit a written request and necessary records. The District may require master contracts to be signed that become effective when a specific award is made using a small works roster.
- d) **Written or Electronic Quotation Process for Small Works Roster.** The District shall obtain written or electronic quotations for public works projects to assure that a competitive price is established and to award contracts to the lowest responsible bidder, as defined in RCW 39.04.010 and RCW 39.04.350. A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five (5) contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted; provided that, if the estimated cost of work is from ~~one-two~~ hundred fifty thousand dollars (\$250,000.00) to three hundred fifty thousand dollars (\$350,000.00) or within such other amounts as are provided by future amendment to state statute (RCW 39.04.155), the District shall notify the remaining contractors on the small works roster that quotations on the work are being sought. Said notice may be provided by any means authorized by state statute (RCW 39.04.155), or as said statute is

later amended. The District will attempt to equitably distribute the opportunity among the contractors on the appropriate roster by not favoring certain contractors over other contractors who perform similar services. Immediately after an award is made, the bid quotations obtained shall be noted in writing, open to public inspection, and available by telephone inquiry.

- e) **Determining Lowest Responsible Bidder.** The District shall award the contract for the public works project to the lowest responsible bidder who meets applicable responsibility criteria set forth in RCW 39.04, however, the District reserves the right to reject all proposals and re-solicit the call for proposals, to waive informalities or irregularities in a proposal or in the proposal process, or to accept the proposal that is in the best interest of the District. This section shall also apply to use of the limited public works roster under Section 7 herein.
- f) **Award and Compliance.** All bids and quotations shall be collected and presented at the same time to the District for consideration and determination of the lowest responsible bidder and award of the job. In general, all contractors must comply with the following:
  - a. Prevailing wages must be paid and documented in compliance with RCW 39.12.
  - b. A Performance Bond shall be executed in compliance with RCW 39.08 prior to beginning work.
  - c. The contractor must hold a current Washington State Contractor's License.
  - d. The contractor must provide a certificate of insurance naming District as additional insured.
    - 1) General Liability \$1,000,000 per occurrence/\$2,000,000 aggregate, automobile liability.
    - 2) \$1,000,000 Worker's Compensation and Employer's Liability insurance in the amount required by law and paid to date.
  - e. Contractor must have a satisfactory record of performance
  - f. Contractor must meet any mandatory bidder responsibility criteria established by RCW 39.05.155 or elsewhere in state law, and any supplementary bidder responsibility criteria established by the District.
- g) **Alternative Limited Small Works Roster Process for Small Public Works Projects**
  - a. In lieu of awarding contracts under Sections 1 through 6 herein, the District may award a contract for public work estimated to cost less than ~~thirty five~~thirty five thousand dollars (\$~~350,000.00~~), or such other amount as is authorized by future amendment of state statute (RCW 39.04.155), using the limited public works process provided under this section. Public works projects awarded under this section are exempt from providing a certificate of insurance naming the District as additional insured, and are further exempt from the requirement that contracts be awarded after advertisement as provided under RCW 39.04.010.
  - b. For limited public works projects, the District shall solicit electronic or written quotations from a minimum of three (3) contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder. After an award is made, the quotations shall be open to public inspection and available by telephonic or electronic request. The District ~~shall attempt to~~must equitably distribute opportunities for limited public works projects ~~equitably~~ among contractors willing to perform in the geographic area of work. The District shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four (24) months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a

brief description of the type of work performed, and the date the contract was awarded. For limited public works projects, the District may in its discretion waive the payment and performance bond requirements of Chapter 39.08 RCW and may waive the retainage requirements of ~~Chapter 60.28~~ RCW 60.28.011(1)(a), thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, material persons, suppliers, and taxes, increases, and penalties imposed under Titles 50, 51, and 82 RCW that may be due from the contractor for the limited public works project, however the District shall have the right of recovery against the contractor for any payments made on the contractor's behalf. [Resolution Nos. 833, 857, 861]

#### **2.16.5.5 Contracts Utilizing Unit Pricing**

- a) The District may procure public works with a unit-priced contract for the purpose of completing anticipated types of work based on hourly rates or unit pricing for one or more categories of work or trades.
- b) Unit-priced contracts shall ~~not~~ be executed for an initial contract term not to exceed one year, with the District having the option of extending or renewing the unit-priced contract for one additional year.
- c) Invitations for unit price bids must include, for purposes of bid evaluation, estimated quantities of the anticipated types of work or trades, and specify how the District will issue or release work assignments, work orders, or task authorizations pursuant to a unit-priced contract for projects, tasks, or other work based on the hourly rates or unit prices bid by the contractor. Contracts shall be awarded to the lowest responsible bidder as per RCW 39.04.010. Whenever possible, the District will invite at least one proposal from a certified minority or woman contractor who otherwise qualifies ~~under this section~~.
- d) Unit price contractors shall pay prevailing wages for all work that would otherwise be subject to the requirements of Chapter 39.12 RCW. Prevailing wages for all work performed pursuant to each work order must be the prevailing wage rates in effect at the beginning date for each contract year. Unit-priced contract must have prevailing wage rates updated annually. Intent and affidavits for prevailing wages paid must be submitted annually for all work completed within the previous twelve ~~month~~ month period of the unit priced contract. [Resolution No. 861]

#### **2.16.6 Professional Services Contracts**

##### **2.16.6.1 Establishing a Professional Services Roster**

Per RCW 39.80.040, the District shall encourage architectural and engineering firms engaged in the lawful practice of their profession to submit annually a statement of qualifications and performance data. The District shall meet the requirements of RCW 39.80.040 through contract with the Municipal Research Services Center, which will provide District access to the MRSC Rosters program ([www.mrscrosters.org](http://www.mrscrosters.org)) professional services roster. [Resolution No. 857]

##### **2.16.6.2 Services less than \$50,000.00**

For professional services in which the comprehensive cost of services is estimated to be below \$50,000.00, the District shall provide a scope of work to one (1) or more consultants or persons listed on the current MRSC professional services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications (SOQ) by a specific date. Following the pre-

defined deadline for SOQ submittal, the District shall evaluate each of the SOQs received by the deadline and create a short-list of preferred consultants to conduct interviews or directly select a consultant in which to initiate contract negotiations. If the District chooses to perform interviews of short-listed consultants, the District shall select a consultant following interviews with which to initiate contract negotiations. [Resolution No. 857]

#### **2.16.6.3 Services between \$50,000.00 and \$200,000.00**

For professional services in which the comprehensive cost of services is estimated to be between \$50,000.00 and \$200,000.00, the District shall provide a scope of work to a minimum of three (3) consultants or persons listed on the current MRSC professional services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications (SOQ) by a specific date. Following the pre-defined deadline for SOQ submittal, the District shall evaluate each of the SOQs received and create a short-list of a minimum of three (3) preferred consultants to interview; if less than three (3) SOQs are received, the short-list shall be comprised of all consultants that submitted an SOQ. Following completion of all interviews, the District shall select a consultant with which to initiate contract negotiations. [Resolution No. 857]

#### **2.16.6.4 Services greater than \$200,000.00**

For professional services in which the comprehensive cost of services is estimated to be greater than \$200,000.00, the District shall secure the services through a structured public advertisement process; the MRSC professional services roster shall not be used. The District shall place an advertisement in the Bellingham Herald, at a minimum, that describes the required services, directs potential responders to where a comprehensive request for qualifications may be obtained, and identifies the response deadline. Following the pre-defined deadline for statement of qualification (SOQ) submittal, the District shall evaluate each of the SOQs received and create a short-list of a minimum of three (3) preferred consultants to interview. Following completion of all interviews, the District shall select a consultant with which to initiate contract negotiations. [Resolution No. 857]

### **2.16.7 Personal Services Contracts**

#### **2.16.7.1 Establishing a Personal Services Roster**

The District shall establish a personal services roster through contract with the Municipal Research Services Center, which will provide District access to the MRSC Rosters program ([www.mrscrosters.org](http://www.mrscrosters.org)) personal services roster. [Resolution No. 857]

#### **2.16.7.2 Services less than \$5,000.00**

For personal services in which the comprehensive cost of services is estimated to be below \$5,000.00, the District shall provide a scope of work to one (1) or more consultants or persons listed on the current MRSC personal services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received by the deadline and negotiate a contract with the lowest responsible, responsive bidder. [Resolution No. 857]

#### **2.16.7.3 Services between \$5,000.00 and \$50,000.00**

For personal services in which the comprehensive cost of services is estimated to be between \$5,000.00 and \$50,000.00, the District shall provide a scope of work to a minimum of three (3) consultants or persons listed on the current MRSC personal services roster in the category(ies) under which the

anticipated services most nearly relate and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

#### **2.16.7.4 Services greater than \$50,000.00**

For personal services in which the comprehensive cost of services is estimated to be greater than \$50,000.00, the District shall secure the services through a structured public advertisement process. The District shall place an advertisement in the Bellingham Herald that describes the required services, directs potential responders to where a comprehensive request for proposals (RFP) may be obtained, and identifies the response deadline. Proposals shall consist of, as a minimum, a statement of qualifications, schedule, and prices. Following the pre-defined deadline for proposal submittal, the District shall conduct a public bid opening and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

### **2.16.8 Purchased Services Contracts**

#### **2.16.8.1 Services less than \$5,000.00**

For purchased services in which the comprehensive annual cost of services is estimated to be below \$5,000.00, the District shall provide via oral or written communication a scope of work to one (1) or more vendors or persons capable of providing the anticipated services and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received by the deadline and negotiate a contract with the bidder found in the District's opinion to have the experience and knowledge to provide the highest-quality product at the lowest price. [Resolution No. 857]

#### **2.16.8.2 Services between \$5,000.00 and \$50,000.00**

For purchased services in which the comprehensive annual cost of services is estimated to be between \$5,000.00 and \$50,000.00, the District shall provide a written scope of work to a minimum of three (3) vendors or persons capable of providing the anticipated services and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

#### **2.16.8.3 Services greater than \$50,000.00**

For purchased services in which the comprehensive annual cost of services is estimated to be greater than \$50,000.00, the District shall secure the services through a structured public advertisement process. The District shall place an advertisement in the Bellingham Herald that describes the required services, directs potential responders to where a comprehensive request for proposals (RFP) may be obtained, and identifies the response deadline. Proposals shall consist of, as a minimum, a statement of qualifications, schedule, and prices. Following the pre-defined deadline for proposal submittal, the District conduct a public bid opening and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

## 2.17 Other Purchase Procedures

### 2.17.1 Acquiring Low-Cost Parcels for Easement Purposes Without an Appraisal

1. The District's General Manager is authorized to waive the requirement for a written appraisal for acquisitions which he or she determines are uncomplicated and which are of property valued at \$5000.00 or less, as identified by its Engineer in the Project Funding Estimate process.
2. The District shall nevertheless obtain a written appraisal in the event the property owner requests one or if a condemnation action is commenced.
3. Before initiating negotiations for real property acquisition, the District shall establish an amount which it believes to be just compensation therefore, and shall make a prompt offer to acquire the property for the full amount so established. The District shall provide the property owner with a written statement of, and summary of the basis for, the amount established as just compensation. Where appropriate, the amounts for the real property acquired, for damages to remaining property, and for benefits to remaining real property shall be separately stated.
4. The District will negotiate directly or through its agents for acquisition of the real property or property rights at just compensation. If the price to be paid is different from that established before negotiations commenced, memorandum stating the price to be paid and the basis for it, shall be prepared. The memorandum shall be distributed to the General Manager, Engineer, and Attorney, to the extent that they are not the generator of the memorandum, and placed in the District's project file. [Resolution No. 665]

## 2.18 Reserve Policy

Reserve balances are funds that are set aside for a specific project, task, covenant requirement, and/or emergencies. These balances are maintained in order to meet short-term cash flow requirements, while at the same time minimizing the risks associated with meeting financial obligations and continued operational needs under adverse conditions.

### 2.18.1 Operating Reserve

The purpose of an Operating Reserve is to maintain financial viability of the utilities despite short-term variability in revenues and expenses, primarily caused by billing cycles, payroll cycles, accounts receivable/payable, and weather variability. The Operating Reserve targets should be as of January 1 of each calendar year, with the Operating Reserve balance expected to vary during the course of the calendar year. The following Operating Reserve targets are established:

- Water Utility – ~~9060~~ days of annual operational O & M expenses.
- ~~Sewer Wastewater~~ Utility – ~~6045~~ days of annual operational O & M expenses.

The water utility reserve minimum is set higher since revenue is more susceptible to year-to-year variations in water demand due to weather variations and water conservation objectives. [Resolution No. 861]

### 2.18.2 System Reinvestment Funding

System Reinvestment Funding is a method of systematically putting aside funds for reinvestment into the infrastructure. A small portion of each annual incremental rate increase is attributable to this method of financing the District's system upkeep through bi-monthly rates.

### 2.18.3 Bond Reserve Fund and Bond Redemption Funds

The District ~~LWASD~~ will maintain Bond Reserve Funds and Bond Redemption Funds as required by bond covenants or loan agreements, and shall maintain fund balances consistent with those corresponding debt covenants/agreements. [\[Resolution No. ~~XXX~~861\]](#)

## 2.19 Debt Management Policy

The District recognizes that prudent use of its credit can both facilitate construction of essential capital improvements and serve as a method for sharing costs of those improvements between current and future beneficiaries. Furthermore, a debt management policy can assist the Board of Commissioners and staff to integrate the issuance of debt with other long-term planning, financial, and management objectives.

### 2.19.1 Limitation on Debt Issuance

Long-term borrowing shall be confined to capital improvements with an extended life when it is not practical to finance the construction of such capital improvements from current revenues. Approval of the Board of Commissioners is required prior to the issuance of debt.

An analytical review shall be conducted prior to the issuance of new debt. The analysis shall consider the results of such debt on the operating budget, the effect on the District's credit rating, the ability to provide future services, and the potential impact on user rates and fees. The District will carefully consider the future fiscal costs of any debt issuance to determine that any such issuance will not adversely impact the District's credit rating.

A useful measurement in assessing the debt burden of a utility is the capital structure: the outstanding debt as a percentage of total capital assets (original cost net of depreciation). A capital structure of 60% debt/40% equity is considered a conservative target.

### 2.19.2 Credit and Ratings

Capital will be raised at the lowest possible cost through maintenance of a high credit rating and demonstration of fiscal conservatism in the credit markets.

It is important to the rating agencies and to the financial community to articulate financial goals. In addition, a desirable debt service coverage ratio, the ratio of revenues available for debt service to the annual debt service coverage ratio, the ratio of revenues available for debt service to the annual debt service requirement, and unrestricted cash as a percent of operating expenditures positively affects the District's bond ratings. Strong bond ratings result in lower interest rate costs.



### **2.19.3 Term**

Debt shall not be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed. The District will seek to structure debt with level principal and interest costs over the life of the debt.

### **2.19.4 Bond Issuance**

The District will use the services of reputable and experienced bond counsel in the preparation of all bond issuances. No bonds will be issued without a written opinion by bond counsel affirming that the District is authorized to issue the debt, stating the District has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax exempt status.

1. An Underwriter will be used for all bond debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.
2. A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders.

### **2.19.5 Parity Debt Service Coverage Target**

An internal financial requirement is established that requires a utility wide minimum parity debt service coverage ratio of 2 times the debt service payment. This ratio is calculated the same as the bond covenant ratio.

### **2.19.6 Other**

Principal and interest will be paid in accordance with the terms of the applicable bond resolution. The District will maintain compliance with all covenants set forth in the bond resolutions. The District will use refunding bonds when appropriate to restructure its current outstanding debt. Refunding will be considered if and when there is an economic benefit of the refunding to the District of a refunding savings percent of 4.0% or greater. An adequate rate structure will be maintained to cover the full costs of operations to include maintenance, depreciation, capital, and debt service.

### **2.19.7 Reimbursement from Bonds to be Issued in the Future**

The District issues tax-exempt obligations from time to time including bonds and leases for financing its activities. Regulations permit the District to appoint one or more officials for the purpose of identifying and qualifying capital projects for reimbursement purposes. The General Manager has been appointed by the Board to designate certain expenditures for reimbursement from bonds to be issued in the future. Upon a determination by the General Manager that the costs of a particular capital project are expected to be reimbursed from the proceeds of a tax-exempt obligation of the District, he/she is authorized to execute a certificate of official intent. Each certificate shall become a part of the official records of the District available for public inspection. [Resolution 737]

## **2.20 Identity Theft Prevention Program**

Under the Fair and Accurate Credit Transactions Act of 2003 (Red Flags) rule, every creditor is required to establish an identity theft prevention program tailored to its size, complexity and the nature of its operation. Accordingly, the District has established an Identity Theft Prevention Program.

[Resolution No. 746]

## **2.21 Anti-Fraud Policy**

It is the District's goal to prevent, detect and eliminate all forms of fraud. The District has established these and other financial procedures and policies to promote consistent organizational behavior by providing guidelines for District personnel.

### **2.21.1 Scope of Fraud Policy**

This policy applies to any irregularity or suspected irregularity involving employees, commissioners, consultants, vendors, contractors, or any other outside agency, engaging in a business relationship with the District.

### **2.21.2 Responsibility and Investigation**

The General Manager is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the General Manager, who coordinates all investigations with the legal counsel in conjunction with the President of the Board. In the event that fraud is suspected by the General Manager or President of the Board, the Finance Manager/Treasurer shall act as substitute. All suspected fraud is to be reported in a timely manner to the Board of Commissioners.

If the investigation substantiates that fraudulent activities have occurred, the General Manager will inform the Board of Commissioners and the Finance Manager/Treasurer will inform the State Auditor's Office.

Decisions to prosecute or refer the investigation results to the appropriate law enforcement agency for independent investigation will be made by the Board of Commissioners.

### **2.21.3 Actions Constituting Fraud**

Fraud terms such as misappropriation or other fiscal irregularities refer to, but are not limited to the following:

1. A dishonest or fraudulent act.
2. Misappropriation of funds, supplies or other assets.
3. Impropriety in handling or reporting of money or financial transactions.
4. Profiteering as a result of insider knowledge of District activities.
5. Disclosing confidential and proprietary information to outside parties.
6. Accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to the District.
7. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.

**2.21.4 Conflicts of Interest**

The District will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing agreement. [Resolution No. 833]

# EXHIBIT B

## **TITLE 2    FISCAL MANAGEMENT POLICIES**

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### **2.1    General Manager's Responsibilities and Limitations**

The General Manager shall be the administrator of the District. Appeals of the General Manager's instructions, interpretation of District policy, or decisions may be made to the Board of Commissioners in writing for consideration before a regular or special meeting of the Board. Letters of appeal must be submitted no less than ten days prior to any scheduled Board meeting. Where this Code requires approval by, permission or decision of, or interpretation from the General Manager, the manager may be guided by the laws of Washington State, resolutions of the Board of Commissioners, generally recognized public administrative and engineering standards and practices and by consideration of the operational demands and requirements of both the sewer works and the water treatment/distribution system as well as the peculiarities of construction, topography, soil condition, or other relevant factors. [Resolution Nos. 146, 242A, 785]

### **2.2    Operating & Capital Budget and Expenditure Policies**

The Revised Code of Washington Title 57 authorizes water and sewer districts to establish operating and capital improvement policies. From time to time it is necessary for the District's General Manager to procure goods and services on short notice without advance approval or authorization from the District's Board of Commissioners. The General Manager may do so only if it is deemed to be in the best interest of the District and its ratepayers, subject to the following limitations:

1. The General Manager shall develop an operating and capital improvement budget annually for both the water and sewer systems. The annual budget shall provide for the forecasting of revenues and expenditures for the following year. The budget shall be presented to the Board of Commissioners for review and approval prior to the end of December in advance of the new budget year.
2. The General Manager shall be responsible for administration of the District's approved operating and capital budgets.
3. The Finance Manager/Treasurer shall establish appropriate controls to monitor expenditures and the implementation of the adopted budgets.
4. The General Manager and Finance Manager/Treasurer shall develop a monthly budget report and shall present such report to the Board of Commissioners at their second regular monthly meeting. A more detailed quarterly financial report will be presented in place of the monthly report in January, April, July and October of each year.
5. The General Manager is authorized to execute contracts on behalf of the District whenever the amount of the contract is \$50,000.00 or less, provided that the funds for the contract are included in the then-current budget.
6. The General Manager is authorized to approve change orders to District contracts when the amount of the proposed change order is \$50,000.00 or less, provided that funds for the contract are included in the then-current budget.
7. Following execution of a contract or change order as referenced in Sections 2.2(5) and 2.2(6) above by the General Manager, said contract or change order shall be included within the Consent Agenda

for approval by the Board at the next regular meeting of the Board. The Board shall, so long as consistent with this Resolution, take action at such meeting to review and ratify the contract or change order. [Resolution Nos. 767, 861]

## **2.3 Capital Improvement Plan Policy**

The District has established as a primary fiscal responsibility the preservation, maintenance and future improvement of the District's capital facilities, equipment, and assets. Proper planning and implementation of sound capital policies and programs assist the District in avoiding fiscal emergencies and unplanned capital costs in the future.

1. A comprehensive multi-year Capital Improvement Plan for the District's water and sewer facilities is updated annually. All projects included in the Capital Improvement Plan shall be consistent with the District's Water and Sewer Comprehensive Plans.
2. The Board will review on an annual basis and establish criteria against which capital proposals should be measured. Included among the factors which will be considered for priority ranking are the following:
  - Projects which will have a positive impact on the operating budget through reduced costs or increased revenues.
  - Projects which are scheduled in the Capital Improvement Plan.
  - Projects which can be realistically accomplished during the year that they are scheduled.
  - Projects that implement previous Board-approved reports and strategies.
  - Renewal and replacement schedule projects.
3. Proposed capital projects should include cost estimates that are complete, reliable and attainable. Project cost estimates for the Capital Improvement Plan shall be based upon a thorough analysis of the project and are expected to be as reliable as the level of detail known about the project.
4. Financial analysis of funding sources will be conducted for all proposed capital improvement projects, in addition to listing the total project costs.
5. The annual capital budget shall include only those projects which can reasonably be accomplished in the time frame indicated.
6. The District will project its equipment needs and will update these projections annually. From this projection, a maintenance and replacement schedule will be developed and followed. The intent of the maintenance program shall be to maintain all assets at an adequate level in order to protect the District's capital investment and to minimize future maintenance and replacement costs; customer's expected level of service and the protection of Lake Whatcom should also be considered.
7. Although the District will generally finance projects on a "pay-as-you-go" basis, the Board may conclude that the most equitable way of funding a project that benefits the entire community will be debt financing in order to provide capital improvements or services in a timely manner.

8. New private community development including residential and commercial projects shall pay for its fair share of the capital improvements that are necessary to serve the development in the form of general facilities charges (GFCs).
9. Project proposals should indicate the project's impact on the operating budget including, but not limited to, long-term maintenance costs necessary to support the improvement.
10. Capital projects that are not completed during the fiscal year shall be re-budgeted to be carried over to the next fiscal year. All re-budgeted capital projects should be so noted in the adopted Capital Budget.
11. Capital projects will not be budgeted unless there are reasonable expectations that revenues will be available to pay for them and subsequently fund their operations and services associated therewith.
12. Projects that involve intergovernmental cooperation in planning and funding should be established by an agreement that sets forth the basic responsibilities of the parties involved.
13. A comprehensive inventory of all capital assets shall be conducted and maintained to include estimates of actual value, replacement cost and remaining useful life.
14. Capital projects shall be financed to the greatest extent possible through user fees when direct benefit to users results from the construction of the project.
15. In conjunction with establishing or planning its capital program, the District maintains a six-year capital financing plan that supports execution of that program and is capable of sustaining long-term District capital requirements. The capital program incorporates system expansion, upgrades and improvements, and system repair and replacement. The intention is to establish an integrated capital funding strategy.
16. Comprehensive Plans for the District are completed or updated every six years as required by Chapter 57.16 RCW and applicable state regulations, using a 20-year planning horizon. For budgeting purposes, the District maintains a capital projects schedule, the Capital Improvement Plan of at least six years in duration and consistent with the comprehensive long-range plans for the system. The schedule will include the project description, estimated year of construction and total estimated cost. During the periodic rate study review various funding sources are identified as well as estimated capital fund balances, in an effort to identify a potential funding shortfall.
17. The District works to pursue a reasonable capital improvement program through careful balance of pay-as-you-go capital projects and debt financing.
18. District GFC revenue is revenue received from new customers connecting to the water and sewer systems and on expanded development(s). The District reviews and adjusts, if appropriate, the GFC as needed.
19. The District utilizes revenue bonds and applicable state and federal loans and grants to assist in capital funding whenever necessary. Each capital project that may be funded by a loan is evaluated within the context of the District's capital improvement program and the capital budget. Alternative

financing sources are always considered. The District will not issue or accept long-term debt to finance current operations. [Resolution Nos. 826, 861]

## **2.4 Accounting, Auditing, Internal Controls & Financial Reporting**

This policy is meant to establish an adequate system of internal controls over the treasury function. The objective of this policy is to provide an environment of limited internal risk for the District's assets and to ensure accuracy of accounting records and timely reporting and recording of financial information. Software and online account control for the bank will utilize a dual control environment. No one employee will be able to complete a disbursement of money out of the District's accounts, except for transfer to and from the State Local Government Investment Pool (LGIP) by the Finance Manager/Treasurer.

<b>Function</b>	<b>Responsible Party</b>
Authorize investment transactions	General Manager or Investment Committee
Execute investment transactions	Finance Manager/Treasurer
Transfer to and from the LGIP	Finance Manager/Treasurer
Recording of investment transactions	Finance Manager/Treasurer
Reconcile investment statements to internal records	Finance Manager/Treasurer
Reconcile treasury records to accounting system	Finance Manager/Treasurer
Review financial institutions from investments, safekeeping and banking	Finance Manager/Treasurer
Approve changes to Investment Policy	Board of Commissioners
Annual review of Investment Policy	Board of Commissioners
Reconcile checks, payments, ACH, and out-going wires to internal records	Finance Manager/Treasurer or General Manager
Annual review of Rates and Charges	Board of Commissioners
Quarterly review of investment portfolio	General Manager & Investment Committee
Quarterly review of Current Rate Structure	General Manager & Investment Committee
Quarterly review of Comprehensive Plan	Engineering Department
Quarterly review of Capital Improvement Plan	Engineering Department

### **2.4.1 Accounting Records and Reporting**

The District will maintain its accounting records in accordance with state and federal regulations. Budgeting, accounting and reporting will conform to Budgeting, Accounting and Reporting System (BARS) for governments as prescribed by the Washington State Auditor.

### **2.4.2 Auditing**

The State Auditor will, at a minimum, bi-annually perform the District's financial and compliance audit. Results of each audit will be provided to the Board in a timely manner. An annual financial report shall be prepared in accordance with generally accepted accounting principles and shall be distributed to any interested party.

### **2.4.3 Simplified Fund Structure**

To the extent possible, the District will minimize the number of funds.



#### **2.4.4 Cash Management**

The Finance Manager/Treasurer will develop, maintain and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets. All cash received by the District will be deposited with the Finance Department prior to the end of each business day.

#### **2.4.5 Cash Handling Policy**

Only employees who have been trained and certified by the Finance Manager/Treasurer shall handle cash on a regular basis. Staff members who handle cash shall:

1. Deposit funds within twenty-four hours of receipt or on the next banking day after receipt unless otherwise authorized by the Finance Manager.
  2. Comply with the policies and rules established by the Finance Manager for handling and processing cash, and for the documentation of related records.
  3. Notify the Finance Manager of any loss or theft of District money immediately upon discovery.
- [Resolution Nos. 727, 861]

### **2.5 Authority to Approve Certain Vouchers**

Generally, the District's payment vouchers shall be approved by the Board of Commissioners; however, the District's management is authorized to approve vouchers, for the principal purpose of avoiding late payment penalties, with regard to the following obligations of the District: (a) utility bills; (b) credit card bills, including those for Visa and fuel companies; and (c) other obligations to which a late payment penalty may attach if not paid within less than thirty days of presentment to the District. A list of all such vouchers shall be submitted to the Board of Commissioners for their approval. Checks are signed and mailed after the Consent Agenda is approved by the Board at their regular meeting. All provisions of RCW 42.24.180 shall be followed, and individual fidelity bonds shall be provided for the District management at the District's expense by a surety acceptable to the Board in the sum of \$50,000.00 each. [Resolution No. 785]

### **2.6 Auditing Officer**

The General Manager of the District shall be the auditing officer of the District, and the Assistant General Manager/District Engineer of the District shall be the auditing officer of the District in the absence of the General Manager. [Resolution No. 785]

### **2.7 Master Fees and Charges Schedule**

The District's current rates and charges are set by the Board in accordance with RCW 57.08.005 and are codified in Title 7 of this Administrative Code.

[Resolution Nos. 806, 861]

### **2.8 Fees / Charges Adjustment Authority**

The District has established fees and charges which it applies on a uniform basis and the payment of its rates, fees and charges are required by law to reflect the cost of service. The District's policy and procedures manual permits the waiving of late charges and allows the District to not shut off service,

place a lien against property, and pursue collection under certain circumstances, where a customer adheres to a payment plan approved by the Finance Manager. The cost-efficient and fair administration of such fees and charges and timely response to District customers is facilitated by delegating to the General Manager authority to adjust certain fees and charges or to dismiss same under very limited circumstances listed below:

1. Applications to dismiss or adjust fees or charges shall be referred to the District's Finance Manager for investigation.
2. The Finance Manager shall make a written recommendation regarding an application for adjustment to the General Manager after completing his/her investigation.
3. The General Manager is authorized to make adjustments and write-offs of fees or charges where investigation reveals that a fee or charge was erroneously imposed by the District.
4. The General Manager is authorized to reduce a single fee or charge, or a combination of fees or charges based upon the recommendation of the Finance Manager, the policies underlying adoption of a fee or charge for the conduct in question, and any mitigating circumstances presented by the applicant.
5. Additionally, in accordance with the existing Leak Adjustment Policy, either the General Manager or the Finance Manager may waive late charges on the leak amount if the customer adheres to a prearranged payment schedule.
6. The General Manager's decision on such applications shall be the final decision of the District, unless appealed in writing to the Board of Commissioners within 30 days following receipt of the decision on the application.
7. A written report of all said adjustments and write-offs will be presented to the Board of Commissioners once a month with the Consent Agenda for informational purposes.
8. This title does not permit the General Manager to write off ULID assessments or forgive debts due to the District in contravention of State law. [Resolution No. 766]

## **2.9 Charges for Labor, Materials, Equipment, and Overhead**

Rates to be charged by the District for work performed are defined in the District's current Master Fees and Charges Schedule. [Resolution No. 806]

## **2.10 Water and Sewer Service Billing**

### **2.10.1 Unified Water/Sewer Rate Policy**

The Board has adopted a unified rate structure for all of its water and sewer service areas. All water and sewer rates and charges shall be in accordance with the District's current Master Fees and Charges Schedule. [Resolution Nos. 669, 782]

### 2.10.2 Rate Setting Policy

The District's rates and charges are based upon the cost of service and are designed to provide for the prudent financial management of the District. When setting the rates, the Board of Commissioners not only have to be sure that there will be enough money to pay for the day to day operations of the District but also to cover future infrastructure upgrades, repairs and replacements. Since rate setting is such a complex issue, the District has periodic rate studies done by a rate consultant. In 2003 the Board implemented a policy of increasing the District's rates in small increments on an annual basis. When setting rates, it is important to use a methodology that is generally accepted.

1. Financial Stability: The financial stability of the District also provides rate stability. Rate stability reinforces that costs are being managed and controlled. To the extent the District is able to control and predict its annual operating costs including wholesale rate increases, the District should attempt to keep customer rates and/or rate increases as stable as possible.
2. Revenue Requirements Analysis: Revenue requirements will be established on a "cash basis" approach. The "cash basis" approach includes operation and maintenance expenses, debt service and capital improvements funded from rates. The revenue requirements, as defined herein, are the basic components. Revenue requirements should also include any other cost items requiring funding or needed to operate the District on a financially stable basis. At a minimum, revenues and costs will be projected for a six-year projected period. Costs associated with mandated program requirements will be identified and included within the "cash basis" approach.
3. Cost of Service Analysis: A cost of service study will be utilized to assist in establishing appropriate rates for individual customer classes. The cost allocation methodology will utilize techniques that are "generally accepted" by the industry. The cost of service will consider the specific circumstances and unique characteristics of the District.
4. Rate Design Analysis: Rate designs will be reflective of District needs and also reflect the specific goals and objectives of the District. Meeting District goals at a reasonable cost to the customer should also be an important consideration in utility rate design. Rates will recognize and attempt to incorporate a fixed charge for the up-front fixed costs associated with serving customers and a usage or volumetric charge that attempts to recover the variable costs of operating the District. Rates will be set at a level that recovers necessary costs, but flexible enough to accomplish the District's objectives. Rates should be designed to be equitable, and detailed to a sufficient level to reflect the service provided.
5. Rate Stability: The District reviews rates on an annual basis to assure that they provide sufficient revenues. The rates are reviewed in the context of these policies to assure that they are adequately funding the District. Small annual rate adjustments are preferable when compared to large single adjustments for multi-year periods. Annual rate reviews will consider a six-year projected period to attempt to stabilize and minimize rate increases over time.
6. Rate Impacts: District rates are the primary communication the District has with its customers. Whenever possible, the District's rates should be easy to understand, stable from year-to-year and should minimize the overall impacts to customers. Rates will be structured to promote understanding by the District's customers. In establishing rates, the District will balance the needs of the District and the policies established therein, with the varying impacts those rates may have on District customers. [Resolution Nos. 825, 861]

### **2.10.3 Water and Sewer Service Billing**

The District's policy in setting rates is that they shall be fair, equitable, understandable, and provide for the prudent financial management of the District. The District shall use the following procedures for billing:

1. District regular billing for water and sewer (if applicable) service and surcharges will commence or recommence as of the date the curb stop valve is unlocked and/or reopened.
2. Bills are due on the 20th of the month following the date of the bill. A five calendar day grace period for overdue payment is granted before a late charge as listed on the current Master Fees and Charges Schedule of the total past-due utility services balance is assessed. Late charges are refundable if the late payment is a result of District staff error or circumstances beyond the customer's control, subject to the General Manager's approval. Payments must be received at the District office by the close of business on the 25th of the month to avoid a late charge, regardless of the date postmarked.
3. For those accounts where water service charges are not paid within 60 days after the billing date, the District may place a water service interruption warning door-hanger. If the bill is not paid within the allotted time stated on the door hanger, the meter may be padlocked until the bill is paid in full along with the charges associated with processing the door hanger and shutting off the water.
4. Regular bi-monthly billing may be suspended while service is interrupted and the District padlocks the curb stop valve whether the interruption is voluntary or not. Regular billing will continue whether service is voluntarily or involuntarily interrupted, until the curb stop valve is closed and locked. When the curb stop valve is closed and locked for any reason, the District will suspend all prospective water and sewer (if applicable) billing and surcharges.
5. All unpaid water and sewer service charges when delinquent for 60 days or more shall be a lien against the property being served. In the event the customer fails to bring the account current within six months, the account may be referred to the District's legal counsel to begin formal foreclosure proceedings against the property.
6. See the current Master Fees and Charges Schedule for all fees and charges associated with billing. [Resolution Nos. 820, 861]

### **2.10.4 Billing Notices**

Billings will normally be mailed to the legal owner of the property served, and his/her designated property manager. Failure to receive such bills shall not relieve the owner from the obligation to pay same, nor shall it relieve the property owner from the payment of late fees. [Resolution No. 782]

### **2.10.5 Voluntary Temporary Suspension of Water Service Billing**

The regular bi-monthly water bill may be suspended at the property owner's request. To initiate the suspension of billing, the property owner must submit a written request to the District along with paying all current charges due on the account and the applicable administrative fee (Master Fees and Charges

Schedule). The District will then lock the curb stop valve and suspend the water service billing until the property owner requests to resume water service. [Resolution Nos. 782, 861]

#### **2.10.6 Voluntary Temporary Suspension of Sewer Service Billing**

Sewer-only customers may request a sewer service interruption to suspend billing during normal business hours. Prior to billing suspension, the customer must:

1. Pay all fees as set forth in the District's Master Fees and Charges Schedule,
2. Obtain a District permit to install the two-way cleanout,
3. Install a two-way cleanout at the property line per current District Standards by a District bonded side sewer contractor, and
4. Sign a damage waiver on a form approved by the District, releasing the District from any damages that may result from the sewer service interruption.

The District will install a plug in the two-way cleanout to prevent flow in the service line. Billing suspension begins when the plug is installed. Only the District may remove the plug. It is the customer's responsibility to notify the District, in writing, at least two (2) business days prior to the customer's desired date for return to service. In the event that the plug is removed before the District receives such a request for removal of it, the customer shall be charged for sewer service from the date of billing suspension through the date the plug was found removed. [Resolution Nos. 709, 782, 861]

#### **2.10.7 Suspension of Billing for Unoccupied Premises**

The Board of Commissioners authorizes the suspension of water and/or sewer services without charging a fee, under certain circumstances such as a house that has been destroyed by fire. The water and/or sewer billing will be suspended provided that:

1. The structure in question is removed, condemned, destroyed, or no longer requires water and/or sewer service in the opinion of the General Manager, and
2. The property owner requests in writing the suspension of service and service charges to the structure, and
3. The water meter is locked or removed when the service is suspended, and
4. The account is paid current to the first of the month following the District's receipt of the property owner's written request before the billing will be suspended. [Resolution Nos. 444, 782]

#### **2.10.8 Water Leak Adjustments**

The District will adjust high customer water bills resulting from in-ground water service line breaks between the water meter and the outermost exterior walls of the structure. The leak adjustment request must be made in writing by the property owner and include evidence that the leak is now repaired either by enclosing a paid invoice or a receipt for repair parts. If there are no invoices or

receipts available, a written assertion that the leak is now repaired is acceptable. To calculate the adjustment:

1. Water consumption figures from the same billing period in the previous year are used to calculate the leak adjustment. If less than one year's usage history exists, the current base rate allowance will be used as a non-leak quantity basis. The District will credit qualifying leak adjustment dollar amounts to the current or next customer bill. There is no cap to limit the customer's costs.
2. The District's rate structure adopted on September 10, 2014 established a tiered rate structure for water. Water usage exceeding 2,500 cubic feet in a two-month billing period is billed at a higher "water conservation" rate. For the purpose of calculating leak adjustment credits, water usage over 2,500 cubic feet will be billed at the lower tier rate.
3. Water leak adjustments are limited to one adjustment per account per 12-month period. When a leak occurs, the overage may be reflected on more than one consecutive billing cycle. In those instances, the District will utilize both contiguous cycles for the purpose of calculating leak adjustment credits.
4. The District will set up an incremental payment schedule on the remaining balance of the leak amount at the customer's request. Payment schedules must be arranged in a way that ensures payment of the current two-month minimum billing plus an installment on the extraordinary portion of the bill. The extraordinary portion of the bill must be paid in full within six months of incurring the charges. Late charges on the leak amount will be waived if the customer adheres to the prearranged payment schedule. [Resolution Nos . 821, 861]

#### **2.10.9 Low Income Senior/Disabled Water and Sewer Rates**

As authorized by RCW 57.08.014, the Lake Whatcom Water and Sewer District offers uniformly reduced rates across the service area to qualified low-income seniors and disabled customers for water and sewer utilities provided by the District. Notification of such reduced rates will be provided to all persons serviced by the District annually, and upon initiating service. Eligible customers must:

1. Have an individual account serving one (1) equivalent residential unit (an account serving multiple equivalent residential units such as duplexes, multi-family, or condominium is not eligible);
2. Be the property owner and reside in the residence where the discount rate(s) are applied;
3. Provide Property Tax Exemption documentation from the Whatcom County Assessor's Office;
4. Agree that the application is public record and subject to public disclosure, waive any claim of confidentiality in any information provided and to release Lake Whatcom Water and Sewer District, and its employees, agents, offices, and Commissioners from any liability or claims which might arise from the disclosure of such information to any other party or entity; and
5. Agree that the discounted rate will commence on the next billing date after the application is approved and only continue for the time period when such rates are listed and set forth in the current Master Fees and Charges Schedule.  
[Resolution Nos. 807, 834, 861]

### **2.10.10 Utility Billing Reconciliation Back Billing**

Upon discovery of unauthorized water or sewer connection(s) to the District system, the District shall send written notice of the unauthorized connection(s) to the property owner of the property benefiting from such connection(s) along with any applicable invoices described in subsection 1 and 2 below.

1. Monthly Service Fees. Along with the aforementioned written notice, the District shall send to the property owner an invoice for service received from the unauthorized water or sewer connection(s) for the time period such connection(s) was in place, up to a maximum of six (6) months back from the date the notice is sent. Said property owner shall be required to promptly reimburse the District for such water or sewer service received for the term in the invoice, and shall commence paying for such service going forward, at regular District rates in place at the time service is provided.
2. Connection Charges. Along with the aforementioned written notice, the District shall send to the property owner a second invoice for connection charges for the unauthorized water or sewer connection(s). The connection charges for the unauthorized connection(s) shall be in the amount of the connection charge in place at the time of the notice, or the time payment is received, whichever is greater. Notwithstanding the foregoing, the District will not collect connection charges for unauthorized water or sewer connection(s) that have been in place for more than six (6) years from the date of the written notice to the property owner, unless the District had no reason to know of the existence of the unauthorized connection(s), in which case the connection charges must be paid regardless of how long the unauthorized connection(s) was in place.
3. At the discretion of the General Manager, a payment plan may be established for the required reimbursement for the monthly service fees and connection charges for unauthorized connections discovered by the District, in accordance with this section.  
[Resolution No. 834]

## **2.11 Payment Methods**

### **2.11.1 Credit and Debit Cards**

The District will accept credit and debit cards for payment of utility billing, water and/or sewer permits, and all other fees and charges imposed by the District. The District will accept VISA, Discover, and MASTERCARD. Online payment is available via the District's website using a credit card, debit card or checking account.

[Reference Resolution Nos. 693, 778, 861]

## **2.12 Office Petty Cash Fund**

### **2.12.1 Petty Cash – Change Drawers**

The District maintains an office petty cash fund of \$600.00 for the purpose of making change for customers who pay for service fees or utility bills in cash. When not in use, the cash is kept in the office safe in two separate cash drawers of \$300.00 each. The Accounting Clerk, Accounts Receivable Clerk and Finance Manager/Treasurer are authorized to make change for customers from the Office Petty

Cash Fund. The funds in the cash drawers are counted and reconciled on a daily cash basis, usually at start of the next work day. The Finance Manager/Treasurer acts as the custodian for the Office Petty Cash Fund. [Resolution Nos. 792, 861]

### **2.12.2 Petty Cash – Checking Account**

The District maintains a Petty Cash Fund in the form of a checking account for the purpose of handling minor miscellaneous expenditures associated with the District's business. All purchases require a corresponding receipt. Whenever practicable payments are to be made to a third party, however, reimbursements to staff members or commissioners for qualifying out of pocket expenses are also allowed. The Petty Cash account may also be used for meals served during meetings or for employees working overtime during an emergency. Checks require two signatures from staff members who are registered signatories on the account. The Petty Cash Fund carries a balance of \$1,000.00. The Finance Manager/Treasurer acts as the custodian for the Petty Cash Fund. [Resolution Nos. 487, 666]

### **2.12.3 Use of District Credit Cards for Travel Expenses and Purchases**

District employees and commissioners may purchase goods and services for District use, and may pay travel expenses related to District business, using a District credit card, subject to the following conditions:

1. The credit limit for each card shall be \$5,000.00
2. The credit card may be used for the purchase of items or travel expenses approved in the current District fiscal year budget, and for no other purpose.
3. Cash advances on any District credit card are prohibited.
4. The purchase of alcoholic beverages on any District credit card is prohibited.
5. For travel expenses, an itemized travel expense voucher shall be submitted to the District within thirty (30) days of expenses incurred pursuant to RCW 42.24.115.
6. There shall be six credit cards. A credit card user agreement shall be kept on file for each employee specifically identified below, and any other District employee to whom a card may be disbursed:
  - a. General Manager
  - b. Finance Manager/Treasurer
  - c. Assistant General Manager
  - d. Operations & Maintenance Manager
  - e. Two credit cards for staff and commissioners will be dispersed by the Finance Manager/Treasurer for authorized short-term use. These two cards shall be promptly returned and remain in the possession of the Finance Manager/Treasurer when not in use. [Resolution Nos. 850, 861]



## **2.13 Investment of Excess District Monies**

It is the policy of the District to invest its funds in a manner that will provide the highest return with maximum security while meeting daily cash flow demands. All investments will conform to state and local statutes governing investment of public funds. The District will consolidate cash and reserve balances from all funds to maximize investment earnings. The primary objectives of investment activities are safety, liquidity and yield. The Finance Manager/Treasurer is responsible for the District's investment program and shall apply the prudent person standard in the context of managing the portfolio. [Resolution Nos. 712, 714]

## **2.14 Investment Committee**

The District's Investment Policy is reviewed annually by the Investment Committee, comprised of the Finance Manager/Treasurer, General Manager and two Commissioners appointed by the Board. Any modifications made to the Investment policy must be approved and adopted by the full Board of Commissioners. [Resolution No. 714]

## **2.15 Fixed Assets**

The District shall establish and maintain internal control procedures and documents to track attractive (theft sensitive) asset acquisition, annual verification of existence, physical condition, relocation, maintenance and/or repair, alteration, transfer and disposal. [Resolution No. 812]

## **2.16 Purchasing Policy**

Lake Whatcom Water and Sewer District will acquire equipment, materials, and services in a manner that results in the most efficient delivery of services considering cost and value received.

To avoid conflicts of interest, procurement will be impartial. Procurement of goods and services will provide the District with the best quality for the best value. Purchases will be made within budget limits and to meet goals and objectives approved in the District's budget. Potential purchases that are not within budget limits will be pre-approved through a budget amendment process. For purchases of goods or services in the amount of \$50,000.00 or less, the District General Manager shall have authority to award contracts or authorize purchases, provided that the funds for the contract or purchase are included in the then current budget. The Board of Commissioners shall award all contracts or authorize purchases over \$50,000.00.

The District reserves the right to implement a more stringent process than that which a purchase of goods or service may qualify for under Sections 2.16.4 through 2.16.8 if, in the opinion of the District General Manager, it is to the District's benefit to follow a more stringent process. [Resolution Nos. 833, 857]

### **2.16.1 Definitions**

1. "Contract" means a contract in writing for the purchase of a good, material, or equipment, or for the execution of a public work or service for a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the purchasing processes set forth herein.

2. “Emergency” as defined by RCW 39.04.280, means any unforeseen circumstance beyond the control of the District that either presents a real, immediate danger to the property performance of essential functions, or will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. This includes declared federal or state disasters, as well as local agency-declared disasters.
3. “Equitably distribute opportunities” means that the District may not favor certain contractors on the appropriate small works roster over other contractors on the same roster who perform similar services.
4. “Personal services” are services that are rendered by any person, other than as an employee of the District, contracting to perform activities that require technical expertise but are not professional services.
5. “Professional services” are services as defined in RCW 39.80.020(5) that are rendered by any person, other than as an employee of the District, contracting to perform activities within the scope of the general definition of professional practice in Chapters 18.08 (Architects), 18.43 (Engineers and Land Surveyors), or 18.96 (Landscape Architects) RCW.
6. “Public Work” as defined in RCW 39.04.010, means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the District or with public funds. All public works, including maintenance when performed by contract shall comply with Chapter 39.12 RCW.
7. “Purchased services” are services that are rendered by vendors for routine, necessary, and continuing functions of the District. These services are usually repetitive, routine, or mechanical in nature, support the District’s day-to-day operations, involve the completion of specific tasks or projects, and involve minimal decision-making.
8. “Unit-priced contract” means a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operations needs of the District, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at the defined unit price for each category of work. [Resolution Nos. 857, 861]

### **2.16.2 Waiver of Competitive Bidding**

The Board of Commissioners may waive competitive bidding requirements pursuant to RCW 39.04.280 if an exemption contained therein applies to the purchase or public work; provided that, any such waiver on the grounds that the contract is for a “sole source” purchase or service must also conform with the requirements of RCW 39.26.140. Immediately after a contract award is made, the contract and the factual basis for the exemption must be recorded and open to public inspection; except that, in the case of an emergency, the requirements of Section 2.16.3 shall be followed.

The Board of Commissioners may also waive competitive bidding requirements pursuant to RCW 39.32.090 which allows the District to purchase supplies, materials, electronic data processing and telecommunication equipment, software, services, and/or equipment through the United States government without calling for bids, notwithstanding any law or charter provision to the contrary. [Resolution Nos. 833, 857]

### **2.16.3 Emergency Public Works and Purchases**

1. Declaration of Emergency. If an emergency exists, the Board of Commissioners, General Manager,

District Engineer/Assistant General Manager, Operations Manager, or Finance Manager, will issue a written declaration that an emergency exists, waiving competitive bidding requirements, and award all necessary contracts to address the emergency. If a federal or state emergency has been declared, the Board of Commissioners should pass a resolution acknowledging the declaration.

2. Emergency Board of Commissioner Meetings. Per RCW 42.30.070, emergency meetings are exempt from the normal 24-hour special meeting notice requirements of the Open Public Meetings Act.
3. Public Record of Emergency Contracts. Per RCW 39.04.280, if an emergency contract is awarded without competitive bidding, the Board of Commissioners or its designee must enter a written finding of an emergency into the public record no later than two (2) weeks following the contract award.
4. Once the emergency situation has been stabilized, the District will proceed with additional work or repairs using its normal procedures. [Resolution Nos. 834, 857]

## **2.16.4 Purchases of Supplies, Materials or Equipment**

### **2.16.4.1 Approval of Purchases**

A manager acting within the budget is authorized to provide for purchases of supplies, materials, or equipment in accordance with this Section. The General Manager may implement reasonable administrative procedures for purchases of supplies, materials, or equipment consistent with these policies. [Resolution Nos. 833, 857]

### **2.16.4.2 Establishing a Vendor List**

Per RCW 57.08.050 and RCW 39.04.190, the District shall establish a vendor list for purchases of supplies, materials, or equipment less than \$50,000.00, or in such different amount as authorized by future legislative amendment. New vendors may be added to the District's vendor list at any time. Publication of List: Twice a year the District shall publish in a local newspaper notice of the existence of the District's roster of vendors, and shall solicit names of vendors for the roster. [Resolution Nos. 833, 857]

### **2.16.4.3 Purchase Orders**

Purchase orders shall be used for all purchases greater than \$1,000.00 unless purchase is made by formal written contract. For purchases less than \$1,000.00, a signed receipt must be turned in to the finance department. A District manager may designate a monthly purchase order for vendors with repeated purchases, so long as such purchases from any one vendor, when aggregated on an annual basis, otherwise comply with Section 2.16.4. [Resolution Nos. 833, 857]

### **2.16.4.4 Purchase of Low Cost Items (less than \$1,000.00)**

For items under \$1,000.00, quotes need not be obtained if a manager believes there is sufficient prior experience with purchasing the item to ensure that the price obtained is competitive. In such cases, it is not practicable to research comparative prices because the cost of the investigation is likely to exceed the value of potential savings, and because there are not sufficient staff resources to devote to the process for such minor purchases.

The General Manager still may require quotes for purchases under \$1,000.00 if, in the judgment of the General Manager, it is necessary to ensure a competitive price. [Resolution Nos. 833, 857]

#### **2.16.4.5 Purchases less than \$40,000.00**

The District is not required to use a formal contract when the total estimated cost of the purchase does not exceed \$40,000.00. Purchase orders shall be used as described in Section 2.16.4.3. [Resolution Nos. 833, 857]

#### **2.16.4.6 Purchases less than \$50,000.00**

Any purchase of materials, supplies, or equipment, with an estimated cost of less than \$50,000.00, or such different amount as may be authorized by future amendment of RCW 57.08.050, may be awarded as provided herein.

The District shall secure telephone or written quotes from vendors on the District's current established list of vendors for the appropriate category of materials. Quotes received by e-mail or facsimile transmission shall qualify as written quotes. This process is intended to assure a competitive price and to award contracts for purchases of materials, supplies, and equipment to the lowest responsible bidder. Whenever possible, the District shall obtain quotes from at least three vendors on the District's current established vendor list. Procedures for establishing and maintaining a vendor list are described in Section 2.16.4.2.

Immediately after the award is made, the bid quotations obtained shall be recorded, open to public inspection, and shall be made available by telephone inquiry. [Resolution Nos. 833, 857]

#### **2.16.4.7 Purchases greater than \$50,000.00**

Any purchase of materials, supplies, or equipment with an estimated cost of \$50,000.00 or more, or such different amount as authorized by future amendment of RCW 57.08.050, must be competitively bid per RCW 57.08.050. [Resolution Nos. 833, 857]

#### **2.16.4.8 Alternative Purchasing Process**

As an alternative process for purchasing materials, supplies and equipment, the District may let any contract for purchase of materials, supplies, or equipment with the suppliers designated on current state agency, county, city, or town purchasing rosters for the materials, supplies, or equipment, when the roster has been established in accordance with competitive bidding law for purchases applicable to the state agency, county city, or town. The price and terms for purchase shall be as described on the applicable roster. [Resolution Nos. 833, 857]

### **2.16.5 Public Works Contracts**

#### **2.16.5.1 Contracts less than \$50,000.00**

The District need not comply with formal bidding procedures as set forth in RCW 57.08.050 when the estimated cost does not exceed \$50,000.00. [Resolution Nos. 833, 857]

#### **2.16.5.2 Contracts less than \$350,000.00**

The District may use the small works roster as described in RCW 39.04.155(1) and section 2.16.5.4 for public work with an estimated cost of \$350,000.00 or less. [Resolution Nos. 833, 857, 861]

### **2.16.5.3 Contracts greater than \$350,000.00**

All public work estimated to cost in excess of the small works roster maximum of \$350,000.00, or such different maximum amount as may be authorized by future legislative amendment, shall be subject to formal competitive bidding procedures required by applicable state law. [Resolution Nos. 833, 857, 861]

### **2.16.5.4 Contracts Utilizing Small Works Roster**

All contracts for public work which are not exempt from public bidding under RCW 57.08.050, as hereafter amended, the estimated cost for which is three hundred fifty thousand dollars (\$350,000.00) or less pursuant to RCW 39.04.155, or in such different estimated cost threshold as provided in future amendment thereof, may be awarded as provided herein. Said estimated costs shall include the costs of labor, material, equipment and sales and/or use taxes as applicable.

- a) **Cost.** The District need not comply with formal sealed bidding procedures and may award public works contracts in conformance herewith for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property.
- b) **MRSC and Roster Options.** The General Manager is authorized to contract with Municipal Research and Services Center of Washington (MRSC) for roster service. While under contract with MRSC, MRSC will adopt for District use those state-wide electronic databases for small public works roster developed and maintained by MRSC. The District may utilize said state-wide electronic databases for selection of contractors in conformance with this Chapter.
- c) **Publication for Contractors on Small Works Roster(s).** At least once a year, on behalf of the District, MRSC shall publish in the Bellingham Herald a notice of the existence of the small works roster or rosters and solicit statements of qualifications from firms providing contractor services. Such advertisements will include information on how to find the address and telephone number of a representative of the District who can provide further details as to the District's projected needs for public works contractors from the small works roster. Firms or persons providing public work contracting services shall be added to appropriate MRSC roster or rosters at any time that they submit a written request and necessary records. The District may require master contracts to be signed that become effective when a specific award is made using a small works roster.
- d) **Written or Electronic Quotation Process for Small Works Roster.** The District shall obtain written or electronic quotations for public works projects to assure that a competitive price is established and to award contracts to the lowest responsible bidder, as defined in RCW 39.04.010 and RCW 39.04.350. A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five (5) contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted; provided that, if the estimated cost of work is from two hundred fifty thousand dollars (\$250,000.00) to three hundred fifty thousand dollars (\$350,000.00) or within such other amounts as are provided by future amendment to state statute (RCW 39.04.155), the District shall notify the remaining contractors on the small works roster that quotations on the work are being sought. Said notice may be provided by any means authorized by state statute (RCW 39.04.155), or as said statute is

later amended. The District will attempt to equitably distribute the opportunity among the contractors on the appropriate roster by not favoring certain contractors over other contractors who perform similar services. Immediately after an award is made, the bid quotations obtained shall be noted in writing, open to public inspection, and available by telephone inquiry.

- e) **Determining Lowest Responsible Bidder.** The District shall award the contract for the public works project to the lowest responsible bidder who meets applicable responsibility criteria set forth in RCW 39.04, however, the District reserves the right to reject all proposals and re-solicit the call for proposals, to waive informalities or irregularities in a proposal or in the proposal process, or to accept the proposal that is in the best interest of the District. This section shall also apply to use of the limited public works roster under Section 7 herein.
- f) **Award and Compliance.** All bids and quotations shall be collected and presented at the same time to the District for consideration and determination of the lowest responsible bidder and award of the job. In general, all contractors must comply with the following:
  - a. Prevailing wages must be paid and documented in compliance with RCW 39.12.
  - b. A Performance Bond shall be executed in compliance with RCW 39.08 prior to beginning work.
  - c. The contractor must hold a current Washington State Contractor's License.
  - d. The contractor must provide a certificate of insurance naming District as additional insured.
    - 1) General Liability \$1,000,000 per occurrence/\$2,000,000 aggregate, automobile liability.
    - 2) \$1,000,000 Worker's Compensation and Employer's Liability insurance in the amount required by law and paid to date.
  - e. Contractor must have a satisfactory record of performance
  - f. Contractor must meet any mandatory bidder responsibility criteria established by RCW 39.05.155 or elsewhere in state law, and any supplementary bidder responsibility criteria established by the District.
- g) **Alternative Limited Small Works Roster Process for Small Public Works Projects**
  - a. In lieu of awarding contracts under Sections 1 through 6 herein, the District may award a contract for public work estimated to cost less than fifty thousand dollars (\$50,000.00), or such other amount as is authorized by future amendment of state statute (RCW 39.04.155), using the limited public works process provided under this section. Public works projects awarded under this section are exempt from providing a certificate of insurance naming the District as additional insured, and are further exempt from the requirement that contracts be awarded after advertisement as provided under RCW 39.04.010.
  - b. For limited public works projects, the District shall solicit electronic or written quotations from a minimum of three (3) contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder. After an award is made, the quotations shall be open to public inspection and available by telephonic or electronic request. The District must equitably distribute opportunities for limited public works projects among contractors willing to perform in the geographic area of work. The District shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four (24) months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded. For limited public works

projects, the District may in its discretion waive the payment and performance bond requirements of Chapter 39.08 RCW and may waive the retainage requirements of RCW 60.28.011(1)(a), thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, material persons, suppliers, and taxes, increases, and penalties imposed under Titles 50, 51, and 82 RCW that may be due from the contractor for the limited public works project, however the District shall have the right of recovery against the contractor for any payments made on the contractor's behalf. [Resolution Nos. 833, 857, 861]

#### **2.16.5.5 Contracts Utilizing Unit Pricing**

- a) The District may procure public works with a unit-priced contract for the purpose of completing anticipated types of work based on hourly rates or unit pricing for one or more categories of work or trades.
- b) Unit-priced contracts shall be executed for an initial contract term not to exceed one year, with the District having the option of extending or renewing the unit-priced contract for one additional year.
- c) Invitations for unit price bids must include, for purposes of bid evaluation, estimated quantities of the anticipated types of work or trades, and specify how the District will issue or release work assignments, work orders, or task authorizations pursuant to a unit-priced contract for projects, tasks, or other work based on the hourly rates or unit prices bid by the contractor. Contracts shall be awarded to the lowest responsible bidder as per RCW 39.04.010. Whenever possible, the District will invite at least one proposal from a certified minority or woman contractor who otherwise qualifies.
- d) Unit price contractors shall pay prevailing wages for all work that would otherwise be subject to the requirements of Chapter 39.12 RCW. Prevailing wages for all work performed pursuant to each work order must be the prevailing wage rates in effect at the beginning date for each contract year. Unit-priced contract must have prevailing wage rates updated annually. Intent and affidavits for prevailing wages paid must be submitted annually for all work completed within the previous twelve-month period of the unit priced contract. [Resolution No. 861]

#### **2.16.6 Professional Services Contracts**

##### **2.16.6.1 Establishing a Professional Services Roster**

Per RCW 39.80.040, the District shall encourage architectural and engineering firms engaged in the lawful practice of their profession to submit annually a statement of qualifications and performance data. The District shall meet the requirements of RCW 39.80.040 through contract with the Municipal Research Services Center, which will provide District access to the MRSC Rosters program ([www.mrscrosters.org](http://www.mrscrosters.org)) professional services roster. [Resolution No. 857]

##### **2.16.6.2 Services less than \$50,000.00**

For professional services in which the comprehensive cost of services is estimated to be below \$50,000.00, the District shall provide a scope of work to one (1) or more consultants or persons listed on the current MRSC professional services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications (SOQ) by a specific date. Following the pre-defined deadline for SOQ submittal, the District shall evaluate each of the SOQs received by the deadline

and create a short-list of preferred consultants to conduct interviews or directly select a consultant in which to initiate contract negotiations. If the District chooses to perform interviews of short-listed consultants, the District shall select a consultant following interviews with which to initiate contract negotiations. [Resolution No. 857]

#### **2.16.6.3 Services between \$50,000.00 and \$200,000.00**

For professional services in which the comprehensive cost of services is estimated to be between \$50,000.00 and \$200,000.00, the District shall provide a scope of work to a minimum of three (3) consultants or persons listed on the current MRSC professional services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications (SOQ) by a specific date. Following the pre-defined deadline for SOQ submittal, the District shall evaluate each of the SOQs received and create a short-list of a minimum of three (3) preferred consultants to interview; if less than three (3) SOQs are received, the short-list shall be comprised of all consultants that submitted an SOQ. Following completion of all interviews, the District shall select a consultant with which to initiate contract negotiations. [Resolution No. 857]

#### **2.16.6.4 Services greater than \$200,000.00**

For professional services in which the comprehensive cost of services is estimated to be greater than \$200,000.00, the District shall secure the services through a structured public advertisement process; the MRSC professional services roster shall not be used. The District shall place an advertisement in the Bellingham Herald, at a minimum, that describes the required services, directs potential responders to where a comprehensive request for qualifications may be obtained, and identifies the response deadline. Following the pre-defined deadline for statement of qualification (SOQ) submittal, the District shall evaluate each of the SOQs received and create a short-list of a minimum of three (3) preferred consultants to interview. Following completion of all interviews, the District shall select a consultant with which to initiate contract negotiations. [Resolution No. 857]

### **2.16.7 Personal Services Contracts**

#### **2.16.7.1 Establishing a Personal Services Roster**

The District shall establish a personal services roster through contract with the Municipal Research Services Center, which will provide District access to the MRSC Rosters program ([www.mrscrosters.org](http://www.mrscrosters.org)) personal services roster. [Resolution No. 857]

#### **2.16.7.2 Services less than \$5,000.00**

For personal services in which the comprehensive cost of services is estimated to be below \$5,000.00, the District shall provide a scope of work to one (1) or more consultants or persons listed on the current MRSC personal services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received by the deadline and negotiate a contract with the lowest responsible, responsive bidder. [Resolution No. 857]

#### **2.16.7.3 Services between \$5,000.00 and \$50,000.00**

For personal services in which the comprehensive cost of services is estimated to be between \$5,000.00 and \$50,000.00, the District shall provide a scope of work to a minimum of three (3) consultants or persons listed on the current MRSC personal services roster in the category(ies) under which the anticipated services most nearly relate and request a statement of qualifications, schedule, and prices



by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

#### **2.16.7.4 Services greater than \$50,000.00**

For personal services in which the comprehensive cost of services is estimated to be greater than \$50,000.00, the District shall secure the services through a structured public advertisement process. The District shall place an advertisement in the Bellingham Herald that describes the required services, directs potential responders to where a comprehensive request for proposals (RFP) may be obtained, and identifies the response deadline. Proposals shall consist of, as a minimum, a statement of qualifications, schedule, and prices. Following the pre-defined deadline for proposal submittal, the District shall conduct a public bid opening and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

### **2.16.8 Purchased Services Contracts**

#### **2.16.8.1 Services less than \$5,000.00**

For purchased services in which the comprehensive annual cost of services is estimated to be below \$5,000.00, the District shall provide via oral or written communication a scope of work to one (1) or more vendors or persons capable of providing the anticipated services and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received by the deadline and negotiate a contract with the bidder found in the District's opinion to have the experience and knowledge to provide the highest-quality product at the lowest price. [Resolution No. 857]

#### **2.16.8.2 Services between \$5,000.00 and \$50,000.00**

For purchased services in which the comprehensive annual cost of services is estimated to be between \$5,000.00 and \$50,000.00, the District shall provide a written scope of work to a minimum of three (3) vendors or persons capable of providing the anticipated services and request a statement of qualifications, schedule, and prices by a specific date. Following the pre-defined deadline for proposal submittal, the District shall evaluate each of the proposals received and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

#### **2.16.8.3 Services greater than \$50,000.00**

For purchased services in which the comprehensive annual cost of services is estimated to be greater than \$50,000.00, the District shall secure the services through a structured public advertisement process. The District shall place an advertisement in the Bellingham Herald that describes the required services, directs potential responders to where a comprehensive request for proposals (RFP) may be obtained, and identifies the response deadline. Proposals shall consist of, as a minimum, a statement of qualifications, schedule, and prices. Following the pre-defined deadline for proposal submittal, the District shall conduct a public bid opening and negotiate a contract with the person or firm found to be the most qualified based upon experience, ability to meet the District's schedule, and cost. [Resolution No. 857]

## **2.17 Other Purchase Procedures**

### **2.17.1 Acquiring Low-Cost Parcels for Easement Purposes Without an Appraisal**

1. The District's General Manager is authorized to waive the requirement for a written appraisal for acquisitions which he or she determines are uncomplicated and which are of property valued at \$5000.00 or less, as identified by its Engineer in the Project Funding Estimate process.
2. The District shall nevertheless obtain a written appraisal in the event the property owner requests one or if a condemnation action is commenced.
3. Before initiating negotiations for real property acquisition, the District shall establish an amount which it believes to be just compensation therefore, and shall make a prompt offer to acquire the property for the full amount so established. The District shall provide the property owner with a written statement of, and summary of the basis for, the amount established as just compensation. Where appropriate, the amounts for the real property acquired, for damages to remaining property, and for benefits to remaining real property shall be separately stated.
4. The District will negotiate directly or through its agents for acquisition of the real property or property rights at just compensation. If the price to be paid is different from that established before negotiations commenced, memorandum stating the price to be paid and the basis for it, shall be prepared. The memorandum shall be distributed to the General Manager, Engineer, and Attorney, to the extent that they are not the generator of the memorandum, and placed in the District's project file. [Resolution No. 665]

## **2.18 Reserve Policy**

Reserve balances are funds that are set aside for a specific project, task, covenant requirement, and/or emergencies. These balances are maintained in order to meet short-term cash flow requirements, while at the same time minimizing the risks associated with meeting financial obligations and continued operational needs under adverse conditions.

### **2.18.1 Operating Reserve**

The purpose of an Operating Reserve is to maintain financial viability of the utilities despite short-term variability in revenues and expenses, primarily caused by billing cycles, payroll cycles, accounts receivable/payable, and weather variability. The Operating Reserve targets should be as of January 1 of each calendar year, with the Operating Reserve balance expected to vary during the course of the calendar year. The following Operating Reserve targets are established:

- Water Utility – 90 days of annual operational expenses.
- Sewer Utility – 60 days of annual operational expenses.

The water utility reserve is set higher since revenue is more susceptible to year-to-year variations in water demand due to weather variations and water conservation objectives. [Resolution No. 861]

### **2.18.2 System Reinvestment Funding**

System Reinvestment Funding is a method of systematically putting aside funds for reinvestment into the infrastructure. A small portion of each annual incremental rate increase is attributable to this method of financing the District's system upkeep through bi-monthly rates.

### **2.18.3 Bond Reserve Fund and Bond Redemption Funds**

The District will maintain Bond Reserve Funds and Bond Redemption Funds as required by bond covenants or loan agreements, and shall maintain fund balances consistent with those corresponding debt covenants/agreements. [Resolution No. 861]

## **2.19 Debt Management Policy**

The District recognizes that prudent use of its credit can both facilitate construction of essential capital improvements and serve as a method for sharing costs of those improvements between current and future beneficiaries. Furthermore, a debt management policy can assist the Board of Commissioners and staff to integrate the issuance of debt with other long-term planning, financial, and management objectives.

### **2.19.1 Limitation on Debt Issuance**

Long-term borrowing shall be confined to capital improvements with an extended life when it is not practical to finance the construction of such capital improvements from current revenues. Approval of the Board of Commissioners is required prior to the issuance of debt.

An analytical review shall be conducted prior to the issuance of new debt. The analysis shall consider the results of such debt on the operating budget, the effect on the District's credit rating, the ability to provide future services, and the potential impact on user rates and fees. The District will carefully consider the future fiscal costs of any debt issuance to determine that any such issuance will not adversely impact the District's credit rating.

A useful measurement in assessing the debt burden of a utility is the capital structure: the outstanding debt as a percentage of total capital assets (original cost net of depreciation). A capital structure of 60% debt/40% equity is considered a conservative target.

### **2.19.2 Credit and Ratings**

Capital will be raised at the lowest possible cost through maintenance of a high credit rating and demonstration of fiscal conservatism in the credit markets.

It is important to the rating agencies and to the financial community to articulate financial goals. In addition, a desirable debt service coverage ratio, the ratio of revenues available for debt service to the annual debt service coverage ratio, the ratio of revenues available for debt service to the annual debt service requirement, and unrestricted cash as a percent of operating expenditures positively affects the District's bond ratings. Strong bond ratings result in lower interest rate costs.

### **2.19.3 Term**

Debt shall not be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed. The District will seek to structure debt with level principal and interest costs over the life of the debt.

### **2.19.4 Bond Issuance**

The District will use the services of reputable and experienced bond counsel in the preparation of all bond issuances. No bonds will be issued without a written opinion by bond counsel affirming that the

District is authorized to issue the debt, stating the District has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax exempt status.

1. An Underwriter will be used for all bond debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing negotiated or private placement debt and reselling the debt to investors.
2. A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders.

#### **2.19.5 Parity Debt Service Coverage Target**

An internal financial requirement is established that requires a utility wide minimum parity debt service coverage ratio of 2 times the debt service payment. This ratio is calculated the same as the bond covenant ratio.

#### **2.19.6 Other**

Principal and interest will be paid in accordance with the terms of the applicable bond resolution. The District will maintain compliance with all covenants set forth in the bond resolutions. The District will use refunding bonds when appropriate to restructure its current outstanding debt. Refunding will be considered if and when there is an economic benefit of the refunding to the District of a refunding savings percent of 4.0% or greater. An adequate rate structure will be maintained to cover the full costs of operations to include maintenance, depreciation, capital, and debt service.

#### **2.19.7 Reimbursement from Bonds to be Issued in the Future**

The District issues tax-exempt obligations from time to time including bonds and leases for financing its activities. Regulations permit the District to appoint one or more officials for the purpose of identifying and qualifying capital projects for reimbursement purposes. The General Manager has been appointed by the Board to designate certain expenditures for reimbursement from bonds to be issued in the future. Upon a determination by the General Manager that the costs of a particular capital project are expected to be reimbursed from the proceeds of a tax-exempt obligation of the District, he/she is authorized to execute a certificate of official intent. Each certificate shall become a part of the official records of the District available for public inspection. [Resolution 737]

### **2.20 Identity Theft Prevention Program**

Under the Fair and Accurate Credit Transactions Act of 2003 (Red Flags) rule, every creditor is required to establish an identity theft prevention program tailored to its size, complexity and the nature of its operation. Accordingly, the District has established an Identity Theft Prevention Program. [Resolution No. 746]

### **2.21 Anti-Fraud Policy**

It is the District's goal to prevent, detect and eliminate all forms of fraud. The District has established these and other financial procedures and policies to promote consistent organizational behavior by providing guidelines for District personnel.

### **2.21.1 Scope of Fraud Policy**

This policy applies to any irregularity or suspected irregularity involving employees, commissioners, consultants, vendors, contractors, or any other outside agency, engaging in a business relationship with the District.

### **2.21.2 Responsibility and Investigation**

The General Manager is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the General Manager, who coordinates all investigations with the legal counsel in conjunction with the President of the Board. In the event that fraud is suspected by the General Manager or President of the Board, the Finance Manager/Treasurer shall act as substitute. All suspected fraud is to be reported in a timely manner to the Board of Commissioners.

If the investigation substantiates that fraudulent activities have occurred, the General Manager will inform the Board of Commissioners and the Finance Manager/Treasurer will inform the State Auditor's Office.

Decisions to prosecute or refer the investigation results to the appropriate law enforcement agency for independent investigation will be made by the Board of Commissioners.

### **2.21.3 Actions Constituting Fraud**

Fraud terms such as misappropriation or other fiscal irregularities refer to, but are not limited to the following:

1. A dishonest or fraudulent act.
2. Misappropriation of funds, supplies or other assets.
3. Impropriety in handling or reporting of money or financial transactions.
4. Profiteering as a result of insider knowledge of District activities.
5. Disclosing confidential and proprietary information to outside parties.
6. Accepting or seeking anything of material value from contractors, vendors, or persons providing services or materials to the District.
7. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment.

### **2.21.4 Conflicts of Interest**

The District will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing agreement. [Resolution No. 833]



**AGENDA  
BILL  
Item 7.A.**

**General Manager's Report**

DATE SUBMITTED:	September 20, 2019	MEETING DATE:	September 25, 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, September 25, 2019 – 8:00 a.m.

#### Important Upcoming Dates

Lake Whatcom Water & Sewer District			
Regular Board Meeting	Wed Oct 9, 2019	6:30 p.m.	Board Room
Employee Staff Meeting	Thu Oct 10, 2019	8:00 a.m.	Board Room Commissioner McRoberts to Attend
Investment Comm Meeting	Wed Oct 9, 2019	6:00 p.m.	Small Conference Room
Safety Committee Meeting	Tue Oct 13, 2019	8:00 a.m.	Small Conference Room
Lake Whatcom Management Program			
Data Group Meeting	Thu Oct 10, 2019	9:00 a.m.	City of Bellingham PW Offices 2221 Pacific Street
Policy Group Meeting	Mon Sep 30, 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 Oct 8, 2019	6:15 p.m.	Bob's Burgers, 8822 Quil Ceda Pkwy, Tulalip, WA
Whatcom Water Districts Caucus Meeting	Wed Oct 16, 2019	1:00 p.m.	Board Room
Whatcom Falls (Bellingham) Water Treatment Plant Tour	Thu Oct 17, 2019	3:00 p.m.	Whatcom Falls Park, Arbor Court
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:

- No meeting has been conducted since the last report.

##### Investment Committee:

- No meeting has been conducted since the last report.

#### Upcoming Important Agenda Topics and Meetings

- Preliminary 2020 Budget (October 9)
- Agate Heights Water Treatment Plant Expansion Discussion (October 9)
- Commissioner Insurance Discussion (October 9)
- Administrative Code Update (October 30)
- Engineering Standards Update (October 30)
- 2020 Budget Presentation (November 13)
- 2020 Budget Adoption (November 27)

## 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 has updated the District's Employee Safety Manual, and Return to Work, Respirator, Chlorine Safety, Confined Space, Vehicle Operation, Fire Safety, and Meter Reader Safety programs.*

#### File Management System

- Electronic file management structure revision  
*File management structure has been revised and migration of documents is complete.*
- Digitize applicable hard copies and file in DocuWare  
*Staff attended DocuWare training on June 13; R Hope developing process for ensuring digitalization of applicable documents in accordance with State regulations.*

### Community/Public Relations Enhancement

#### Website

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

#### Intergovernmental Relations

- J. Clary met with Eric Johnston, Bellingham interim public works director, on September 12.
- B. Ford, J. Carter, and J. Clary met with Tony Larson, Whatcom County Executive candidate on September 16
- B. Ford, J. Carter, and J. Clary scheduled to meet with Satpal Sidhu, Whatcom County executive candidate, and Seth Fleetwood, Bellingham mayor candidate, on September 30.
- J. Clary scheduled to attend Whatcom Land Trust event on October 2.



### 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](http://www.linkedin.com/company/lake-whatcom-water-and-sewer-district)) with new information posted regularly.*
- Create/manage District Facebook account  
*Facebook account is live (<https://www.facebook.com/Lake-Whatcom-Water-Sewer-District-455872278278848>) with new information posted regularly.*
- Create/manage District NextDoor account  
*NextDoor currently limits public agency pages to only emergency response agencies, J. Clary registered individually to monitor “neighborhoods” within District service area.*

### Press Releases

- District staff recognition press release issued on January 14.
- ShakeAlert implementation press release issued on July 23.

### 50-Year Anniversary

- Press release/logo  
*Release issued November 21, 2018; logo developed November 20, 2018.*
- Banner  
*Installed January 10.*
- Commissioner/employee jackets with 50<sup>th</sup> 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*  
*Water conservation fact sheet created in June and distributed with July/August utility bills.*

## **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.*

### Onsite Septic System Impact Assessment

- North shore monitoring  
*J. Clary met with Gary Stoyka, Whatcom County Natural Resources Program Manager, on September 12 to finalize a scope of work for water quality monitoring and an associated interlocal agreement. Now working with R. LaCroix, City of Bellingham Natural Resources Director.*

### Onsite Septic System Conversion Program

- Identify applicable lots  
*Staff 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. District staff issued a reminder to each property owner on September 4.*

- Complete conversion  
*Of the three properties, one has been issued a requirement to connect by October 7 by the Whatcom County Health Department, one has attended a Board meeting regarding the financial burden of the connection, and one has not responded to-date.*

#### Watershed Stormwater Utility

- Participate in utility development process  
*J Clary attended multiple meetings of the citizen advisory committee, the April 30 public meeting; and multiple County Council meetings.  
County Council held a public hearing and adopted (vote of 5-2) the rate structure during its July 23 meeting; the utility will become effective (begin assessing rates) January 1, 2020.*

### **Board Technology Upgrades**

#### Board-issued Tablets

- Identify/implement appropriate systems to board  
*Tablets have been issued to each commissioner.*

#### Electronic Board Packets

- Implement electronic-only packet production process  
*District has converted to electronic-only packet production.*

### **Asset Management**

#### Asset Location

- GPS District infrastructure in Sudden Valley  
*Emily McGinty, GIS intern (WWU environmental science major with a GIS certification), started on June 20 and should be complete by mid-October.*

#### Preventative Maintenance

- Develop/refine automatic work order notification process in Cartegraph  
*District staff have developed the hierarchy of assets for the system with Cartegraph and are testing the system on a pilot scale. Anticipate full implementation by the end of November.*

### **O&M Workload Capacity Analysis**

- Implement process in Cartegraph for tracking resource use  
*Engineering and operations staff are tracking resources specific to utilities.*
- Analyze resource allocation data  
*Staff are analyzing data; for example, the data enabled an update to the District's master fees and charges schedule (adopted by the Board during its September 11 meeting).*

### **New Development Process Refinement**

- Revise/implement new development permit/inspection/approval process  
*The District issued a letter in May 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). This letter is also being issued with water/sewer availability requests received since May.*



**AGENDA  
BILL  
Item 7.B**

**Engineering Department  
Report**

DATE SUBMITTED:	September 19, 2019	MEETING DATE:	September 25, 2019
TO: BOARD OF COMMISSIONERS		FROM: Bill Hunter	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS		1. Summary of Existing District Projects	
		2. District Projects Staff Report	
		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**

Staff presentation of Summary of Existing District Projects and priorities

**FISCAL IMPACT**

Not applicable at this time.

**RECOMMENDED BOARD ACTION**

Review and discuss.

**PROPOSED MOTION**

Not applicable at this time.



# Lake Whatcom Water & Sewer District Summary of Existing District Projects

Prepared for the September 25, 2019 Board Meeting  
Data Compiled 09/20/2019 by RH, BH, RM, KH

Status of Water and System Capacities				
	South Shore ID# 95910	Eagleridge ID# 08118	Agate Heights ID# 52957	Johnson Well ID# 04782
DOH Approved ERUs	**	85	57	2
Connected ERUs	3854	70	44	2
Remaining Capacity (ERUs)	**	15	13	0
Permitted ERUs Under Construction	29	0	0	0
Pre-paid Connection Certificates & Expired Permit	15	0	5	0
Water Availabilities (trailing 12 months)	52	0	0	0
Subtotal - Commitments not yet connected	96	0	5	0
<b>Available ERUs</b>	<b>**</b>	<b>15</b>	<b>8</b>	<b>0</b>

\*\* Per DOH, water system capacity is sufficient for buildout. Oct 2018

Completed District Projects in 2019	
Proj #	Project Name
C1504	Reservoir Site Security
C1705	PAR Sewer Pump Station Improvements
C1801	Shake Alert Pilot Program
C1803	Camp Firwood Automatic Transfer Switch
C1809	Replace Backhoe
C1813	Division 7 Reservoir FEMA Seismic and Shake Alert Grant Application
C1912	Procure Boom Lift for Reservoir Access
M1811	North Shore Sewer Force Main Stream Crossing Protection
M1915	Vehicle 42 - 5 Yard Dump Truck Tire Replacement

State Required Report Status														
Monthly Reports														
Name Of Report			Completed											
Chlorination Report Agate Heights Prepared by: Kevin	Postmarked by the 10th of month		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			x	x	x	x	x	x	x	x	x			
Surface Water Treatment Rule Report (SVWTP) Prepared by: Kevin	Postmarked by the 10th of month		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			x	x	x	x	x	x	x	x	x			
Department of Revenue Prepared by: Debi	Due end of following month		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			x	x	x	x	x	x	x	x				
Community Right to Know (Hazardous Materials) Prepared by: Rich	March 31		February 28, 2019											
Annual Reports														
Name Of Report	Deadline		Completed											
WA State Cross Connection Report Prepared by: Rich	May		April 3, 2019											
OSHA 300 Log Prepared by: Rich	February 1		January 28, 2019											
Water Use Efficiency Performance Report Prepared by: Kevin	July 1		March 1, 2019											
Consumer Confidence Reports Prepared by: Kevin	June 30		Geneva		SV		EagleR		Agate Ht					
			6/19		6/19		6/19		6/19					
Report Number of Sewer ERUs to City of Bellingham Prepared by:	January 15		February 20, 2019											
Other Reports														
Name Of Report	Deadline		Completed											
Water Right Permit No. G1-22681 Development Extension	Due Every 5 Years Next Due Feb 15, 2023		March 20, 2018											
Water Right Permit No. S1-25121 Development Extension	Due Every 5 Years Next Due March 30, 2023		March 20, 2018											
CPR/First Aid Training Coordinated by: Rich	Due Biennially Next Due 2019		March 23, 2019											
Flagging Card Training Coordinated by: Rich	Due Triennially Next Due 2019		June 6, 2019											

Safety Program Summary Completed by Rich Munson			
Summary of Annual Safety Training 2019 Testing Period - Jan 1, 2019 to May 30, 2019			
	Enrollments	Completions	% Complete
Engineering - Managers	52	52	100%
Engineering - Staff	23	23	100%
Field Crew	251	243	97%
Office - Managers	16	16	100%
Office - Staff	48	48	100%
<b>Overall</b>	<b>390</b>	<b>382</b>	<b>98%</b>

Safety meetings for the field crew take place every Friday at 7 a.m.

Dates of Completed Safety Committee Meetings					
Wednesday, January 19, 2019	Thursday, May 9, 2019				
Monday, February 11, 2019	Thursday, June 20, 2019				
Monday, March 11, 2019	Tuesday, July 23, 2019				
Wednesday, April 10, 2019	Tuesday, August 20, 2019				
Summary of Work-Related Injuries & Illnesses					
	2019	2018	2017	2016	2015
Total Number of Work Related Injuries					
Defined as a work related injury or illness that results in:					
• Death					
• Medical treatment beyond first aid					
• Loss of consciousness	0	0	1	0	1
• Significant injury or illness diagnosed by a licensed health care professional					
• Days away from work (off work)					
• Restricted work or job transfer					
Total Number of Days of Job Transfer or Restriction					
(light duty or other medical restriction)	0	0	13	0	0
Total Number of Days Away from Work					
(at home, in hospital, not at work)	0	0	4	0	0
Near Misses					
	2	2	1		

Developer Extension Agreements			
D1801	Sudden Valley Community Association - Area Z Fire Hydrant		
Scope	Installation of Fire Hydrant		
Sign Date	8/16/2018	Expiration Date	8/16/2021 (3 years)
Prior to Commencing Construction		Prior to Final Acceptance	
<input checked="" type="checkbox"/> 1. District Engineer approves design <input checked="" type="checkbox"/> 2. Reimbursement of District Engineer review costs <input checked="" type="checkbox"/> 3. Copy of insurance policy <input checked="" type="checkbox"/> 4. <del>Copies of recorded easement</del> <i>n/a: to be recorded prior to final acceptance, property owned by Sudden Valley Community Association</i> <input checked="" type="checkbox"/> 5. Copies of permits <input checked="" type="checkbox"/> 6. Pay Developer Conformance Deposit <i>Receipt #16291 8/14/18</i> <input checked="" type="checkbox"/> 7. Developer delivers performance bond <i>Assignment of savings account received in the amount of \$135,798 and dated 8/14/2018. This will cover up to \$90,532 of constructed facilities</i> <input checked="" type="checkbox"/> 8. Pays 25% of total amount of general facilities connection fees due to District <i>n/a: no new connection</i> <input checked="" type="checkbox"/> 9. Pays District Administration, Legal Services, and Inspection Deposit <i>Receipt #16291 8/14/18</i> <input checked="" type="checkbox"/> 10. District Issues Notice to Proceed w/Construction		<input type="checkbox"/> 1. District inspects & approves facilities as complete <input type="checkbox"/> 2. District receives water meters for each service <input type="checkbox"/> 3. District accepts record drawings <input type="checkbox"/> 4. District accepts easements & title insurance <input type="checkbox"/> 5. District receives warranty bond or like security <input type="checkbox"/> 6. District receives maintenance bond <input type="checkbox"/> 7. District receives and approves Bill of Sale <input type="checkbox"/> 8. District receives a copy of recorded plat or legal description <input type="checkbox"/> 9. District receives legal description of property <input type="checkbox"/> 10. District receives Latecomers Reimbursement fees due to other Developers (if applicable) <input type="checkbox"/> 11. Developer pays any applicable Supplemental DEA Processing/General Administrative fees <input type="checkbox"/> 12. District receives signed and notarized Latecomers Reimbursement Agreement (when applicable) <input type="checkbox"/> 13. Developer has reimbursed the District for all incurred costs associated with DEA <input type="checkbox"/> 14. Developer has met and completed all local, state, and federal permit requirements <input type="checkbox"/> 15. Copies of recorded easement on file with District	
Tasks/Notes			
<ul style="list-style-type: none"> <li>7/3/2018 DEA Application Received</li> <li>7/25/2018 Board Authorizes DEA with Conditions</li> <li>8/7/2018 SVCA Submits Hydraulic Analysis</li> <li>8/14/2018 SVCA submits drawings, DEA, assignment of savings, insurance certificate, check for \$6,750 (\$5,000 deposit for review &amp; inspection, \$1,000 conformance deposit, and \$750 for processing fee), and shallow pipe depth memo.</li> <li>9/5/2018 District completes review of hydraulic analysis. 1,250 GPM for 90 minutes is available.</li> <li>9/5/2018 SVCA submits revised plans. Review on hold until SVCA makes another deposit of \$5,329.66 to cover legal and engineering review.</li> <li>12/17/2018 Deposit of \$5,329.66 received</li> </ul>			
Continued on next page			

Developer Extension Agreements (cont'd)	
<b>D1801</b>	<b>Sudden Valley Community Association - Area Z Fire Hydrant</b>
Tasks/Notes (cont'd)	
<ul style="list-style-type: none"> <li>• 1/23/2019 Meeting with SVCA to review revised plans received 1/9/2019</li> <li>• 2/26/2019 SVCA submits revised plans</li> <li>• 3/20/2019 District returns plan review comments to Wilson Engineering</li> <li>• 4/9/2019 District approves plans and issues notice to proceed.</li> <li>• 6/3/2019 Preconstruction meeting with SVCA, contractor, and Wilson to coordinate construct and inspections. Contractor will be starting work soon.</li> <li>• 8/5/2019 Punch list inspection</li> <li>• 8/15/2019 Final acceptance checklist/punch list sent to SVCA</li> </ul>	





## District Projects Staff Report

9/18/2019

### A1901 Whatcom County Region GIS Imagery Partnership 2019 Flight

*An inter-local agreement with Whatcom County and a sub-agency license agreement with vendor, Pictometry International Corporation, in order to take receipt of the entire western Whatcom County imagery dataset and issuance of a Pictometry Connect license.*

#### 01 Administration

- 4/16/2019 Pictometry reached a milestone in the flight capture by completing the "Neighborhood" imagery portion of the project along with a portion of the Community level imagery. Flights for the remaining lowland, Nooksack River, and partner areas are next on the list.
- 6/6/2019 Pictometry has finished flight capture. It took them a little while to wrap up the 9" capture with additional snow in the upper portions of the watershed that were identified in the contract as flexible areas (for leaves). Pictometry will now begin performing QA/QC on the imagery and will let us know when the capture is complete.
- 8/26/2019 Whatcom County has taken full delivery of the 2019 image library on behalf of the partnership. Members are evaluating the image library over the next 30 days. County will be sending out inter-local agreements to partners to review and sign soon.

### A1902 Compulsory Sewer Connections

*Compel property owners on private septic systems to connect to adjacent public sewer mains.*

#### 01 Administration

- 2/19/2019 Staff is looking at properties on Lake Louise Road and Older Lane that are on septic and are in nearby proximity to a public sewer. This group of properties have topographic, environmental or property ownership/easement barriers that block access to nearby public sewer. Staff is working on draft policies to present to the board for consideration and discussion.
- 2/21/2019 Staff identified 3 properties where sewer is readily available adjacent to the property. Sites include 1313 Oriental Ave, 1125 Geneva St, and 2326 Northshore Rd. Notifications are being mailed via certified mail to these properties, requiring connection within 18-months.
- 9/2/2019 2nd notice mailed to 3 properties reminding owners that connection must be made 18-months from initial notification.

### C1611 Country Club Sewer Pump Station

*Rehabilitation of Country Club Sewer Pump Station.*

#### 01 Administration

- 4/6/2016 Selection of consultant is in conjunction with general engineering services RFQ.
- 8/9/2016 Staff working with BHC to develop scope of work
- 9/8/2016 AE agreement finalized and being routed for execution. Scope/fee was approved by board on 8/31/2016. Work to begin as soon as agreement is executed.
- 11/2/2016 District attended Center Condo Owner's Association board meeting to present and coordinate the project. Association gave District needed letter of authorization to pursue Whatcom County permits for construction - of either option (pump station or direction drill)

- 12/21/2016 AE Agreement Amendment being routed for execution that includes scope for geotech test borings to determine directional drilling feasibility. BHC and GeoEngineers are scheduling work and preparing permit applications.
- 8/30/2017 Board authorizes Amendment 2 to AE Agreement. This work includes detailed geotechnical design for horizontal directional drilling.
- 9/13/2017 Board authorizes Amendment 3 to AE Agreement. This work include additional permitting and detailed design thru bidding.
- 11/8/2017 Staff attended Center Condo Owner's Association board meeting to brief board of progress and to coordinate future work.

## 02 Predesign

- 10/11/2016 Held predesign meeting with BHC and District staff. BHC beginning preliminary design.
- 11/21/2016 Staff and BHC working on scope amendment to investigate horizontal direction drilling as the primary option. This option has the potential to eliminate the need for the pump station.
- 3/21/2017 Consultant completed 3 test bores to determine feasibility of horizontal direction drilling. They did not encounter any hard rock. One bore had sandstone the last 5 feet.
- 4/19/2017 District received copy of Geotechnical Data Report that documents soil conditions found during exploratory boring. Geotechnical engineers are working on a 2nd report that will discuss and recommend horizontal drilling methodology for construction and bid documents.
- 5/17/2017 District received copy of draft geotech report regarding Trenchless (HDD) Alternative Evaluation. BHC also reviewing report and coordinating with subconsultant.
- 6/22/2017 Geotechnical subconsultant addressing District and BHC review comments and will be including a discussion on auger drilling in addition to the horizontal drilling method.
- 7/12/2017 Consultants presented horizontal direction drilling and conventional auger bore alternates to Board. Staff will make a recommendation a next Board meeting on the preferred alternative.

## 03 Permitting

- 10/20/2016 Pre-Application meeting with Whatcom County to review anticipated permitting requirements.
- 11/7/2016 District and GeoEngineers met wet Whatcom County Critical Areas Biologist to review potential critical areas.
- 12/22/2016 GeoEngineers submitted shoreline exemption permit application for test borings to Whatcom County.
- 11/16/2017 Held 2nd pre-application meeting with County staff. 2nd meeting was necessary due to scope change from replacement of pump station to horizontal directional drilling. Consultants are preparing permit applications for project to be submitted early December.
- 1/25/2018 Consultants are still preparing permit applications. Draft applications are expected any day for District review. Staff has rescheduled construction from summer 2018 to summer 2019. A revised CIP plan will be presented to board for approval on 1/31/2018.
- 2/12/2018 Staff have reviewed draft permit application package and is coordinating with consultant to address minor comments.
- 3/8/2018 District received permit application materials from consultant. Staff working to obtain Center Condo and SVCA notarized signatures.
- 4/13/2018 Permit applications submitted to Whatcom County.
- 4/17/2018 Corps and JARPA documents sent to agencies.
- 5/10/2018 County issued SEPA notice to agencies and property owners within 1000-feet of project for comment period. Written comments are due by June 10, 2018.
- 5/11/2018 District received Nationwide Permit12 (Utility Line Activities) from Army Corps of Engineers.
- 6/10/2018 Written SEPA comments to County due.
- 6/18/2018 As of today the shorelines administrator said he is still waiting on comments from critical areas staff, and that he'd check-in with those staff tomorrow.
- 7/5/2018 County in process of reviewing permit applications.

- 9/19/2018 County critical areas staff still reviewing details proposed plan. BHC and GeoEngineers are in contact with County staff to make sure they have everything they need to complete application processing and to schedule a shoreline hearing date.
- 10/18/2018 All additional information requested by County critical areas has been submitted. Waiting for shorelines hearing date.
- 11/28/2018 DOE issued conditional approval for Geneva Sewer Pump Station Improvements Project. There is a 21-day public comment period that ends 12/19/2019.
- 1/9/2019 Public Hearing at 125pm in the County Council Chambers for the shoreline substantial development permit.
- 1/11/2019 Received shoreline substantial development permit from hearing examiner's office.

## **05 Design**

- 10/18/2017 BHC and Geoengineers working on detailed design and permit application submittal for HDD.
- 12/6/2017 District received Wetland Delineation Report, HDD Design Report, and Design Report from BHC. Staff is reviewing and coordinating with consultant.
- 2/12/2018 Staff received 30% complete plans for review and comment.

## **06 Bidding**

- 2/4/2019 Advertisement for Bids published in Bellingham Herald and Seattle Daily Journal of Commerce.
- 2/21/2019 Non-mandatory prebid meeting at 1pm.
- 3/5/2019 Bid opening at 105pm.

## **09 Services During Construction**

- 3/20/2019 Staff working with BHC to develop scope of work for service during construction.
- 5/8/2019 Board authorizes Amendment 5 to AE Agreement. This work includes services during construction, geotechnical inspection, and construction surveying.

## **10 Construction**

- 3/13/2019 Board awards contract to Colacurcio Brothers, Inc.
- 4/8/2019 Contracts have been executed and Notice to Proceed given to contractor. Contract time is 150 days.
- 5/22/2019 Contractor providing submittals for District/BHC approvals. Pre-construction meeting date not set yet, but Contractor talking about mobilizing in June.
- 6/12/2019 Pre-construction meeting held with contractor, county, and BHC.
- 6/17/2019 Contractor onsite preparing for HDD. HDD will begin 6/24 and last about two weeks. Pump station demolition and tie-ins to existing sewer will occur after HDD.
- 7/23/2019 HDD portion of project successfully complete. Contractor working on new tie-in manhole at Ranch House. New manhole near Country Club Pump Station installed.
- 8/12/2019 Started using new gravity HDD sewer main from Country Club PS to Ranch House PS. Country Club PS removed from service.
- 9/5/2019 Substantial Completion date (150 days from Notice to Proceed). Final Completion is 30 days after Substantial Completion.
- 9/18/2019 Contractor working on site restoration and mitigation.

# **C1705-G Geneva Sewer Pump Station - Construction**

*Construction of Geneva Sewer Pump Station Improvements project.*

## **06 Bidding**

- 1/29/2019 Advertisement for Bids published in Bellingham Herald and Seattle Daily Journal of Commerce.
- 2/19/2019 Non-mandatory prebid meeting at 2pm.
- 2/27/2019 Bid opening at 205pm.

## **09 Services During Construction**

- 3/20/2019 Staff working with RH2 to develop scope of work for services during construction.

5/8/2019 Board authorizes Amendment 5 to AE Agreement. Work includes services during construction.

## 10 Construction

3/13/2019 Board awards contract to Equity Builders LLC.  
4/8/2019 Construction contract has been executed. Notice to Proceed has been given to contractor. Contract time is 190 days.  
5/22/2019 Contractor providing submittals to District/RH2 for approval. No pre-construction meeting date set yet. Contractor talking about mobilizing in July.  
6/10/2019 Pre-construction meeting held with contractor, county, and RH2.  
7/8/2019 Contractor scheduled to mobile onsite and begin work.  
7/23/2019 Contractor installed new force main sleeve on Geneva St and working to pull new force main through.  
8/19/2019 Contractor working on mechanical piping and electrical items.  
9/18/2019 Contractor working on wet well, check valve vault piping, electrical, site restoration and mitigation. Bypass pumps in operation during this work.  
10/15/2019 Substantial Completion date (190 days after Notice to Proceed). Final Completion is 20 days after Substantial Completion.

## C1708 Ball Check Valves at Austin and Beaver Sewer Pump Stations.

*Install 2 ball check valves at Austin and 1 ball check valve at Beaver.*

1/18/2017 District crew verified measurements of existing swing check valves. Proposed ball check valves will fit. Staff will order new ball check valves.

### 01 Administration

6/22/2017 District solicited quotes from 3 vendors. A purchase order has been issued for the ball check valves. They should arrive soon.  
7/20/2017 District received ball check valves. District crews to install valves.  
10/23/2018 Check valve position switches have been ordered that were needed. Valves will be installed and in service by end of 2018.  
9/9/2019 Crews doing preliminary wiring checks to get ready for installation of one ball check valve at Beaver Sewer Pump Station.

## 10 Construction

8/20/2019 Both ball checks were installed at Austin PS today and tested working great. Jason

## C1716A Dead End Blowoffs

*Installing new blowoffs on dead end mains*

### 01 Administration

1/19/2017 Staff researching each site to determine detailed scope of work for each location.  
5/25/2017 Crews continue to pick away at blow-off installation. 8 of 41 done.  
6/22/2017 Crews installed a few more. 12 of 41 done.  
7/20/2017 14 done.  
11/20/2017 15 of 41 done.  
12/18/2017 16 done.  
3/21/2018 19 done.  
4/19/2018 22 done.  
5/21/2018 25 done.  
6/19/2018 32 done.  
7/17/2018 32 done.  
9/19/2018 33 done.  
2/19/2019 34 done.  
3/20/2019 37 done.

4/16/2019 39 done out of 54 on the current list.  
 6/18/2019 42 done.  
 7/23/2019 44 done.  
 8/19/2019 45 done.  
 9/18/2019 46 done.

## C1716B Geneva Booster Station - PRV's and Backflow Assembly

*Replace pumps at Geneva Booster Station at Scenic Ave with pressure reducing valves following hydraulic modeling verification. Replace old backflow assembly at City intertie. Replace building roof.*

### 01 Administration

2/27/2017 Wilson prepared engineer's brief sheet that includes details PRV sizing and configuration. Staff will begin preparing a bill of materials and order parts. It is anticipated District crews will perform the work.  
 6/22/2017 Staff coordinating with City on what they need for a backflow assembly.  
 7/20/2017 Staff considering COB suggestion to move intertie to top of ridge on Parkstone at COB/District boundary.  
 9/20/2017 District considered moving PRV station per City suggestion. There are more benefits to the District to keep the Geneva Booster building and infrastructure. District staff is preparing the design report and construction drawings for submittal to DOH for installation of a PRV. Project will be coordinated with the water comp plan update in progress. We still need to coordinate with the City before going too much further in design/planning.  
 10/23/2018 Staff asking Wilson for Task Order proposal to submit DOH design report for approval and to assist in coordination with COB.  
 6/12/2019 Met with City of Bellingham staff and Wilson to go over coordination details. Wilson working on DOH project report which will be submitted to DOH for review and approval.  
 7/8/2019 Project report submitted to DOH for review and approval.  
 8/27/2019 DOH approves design / project report. Staff will begin procurement of parts.  
 8/30/2019 Roofing contractor finishes roof replacement.

## C1802 Edgewater, Dellesta, Euclid Sewer Pump Station Improvements

*Replace/renew Edgewater and Dellesta sewer pump stations that were installed in the 1970's. Replace/renew electrical controls and install permanent standby generator at Euclid sewer pump station.*

### 01 Administration

1/25/2018 Staff developing RFP for selection of engineering consultant. 1st phase will include predesign and shorelines permitting in 2018.  
 2/10/2018 Request for Proposals published Bellingham Herald.  
 3/7/2018 RFP submittals due at 1pm. Distribute RFP's to selection committee by end of week.  
 3/22/2018 Consultant selection committee meets to review and rank consultant proposals.  
 3/29/2018 Board selects RH2 as the most qualified consultant for projects to board. Staff will begin scope/fee negotiations with the consultant.  
 5/21/2018 Staff working with RH2 on initial scope of work. Intent is to have board authorize scope/fee at 5/30/2018 board meeting.  
 6/14/2018 Agreement executed with RH2.  
 6/18/2019 ATS installed and tested. Waiting for Labor and Industries electrical inspection to complete project.

### 02 Predesign

6/18/2018 Surveyors beginning site survey at Euclid.  
 7/17/2018 Survey of Euclid 80-percent complete. Flow testing of Dellesta and Edgewater complete.



- 8/20/2018 RH2 prepared 3 alternatives for generator and pump station control panel placement. Engineering staff is reviewing with District field crews.
- 9/19/2018 Staff reviewed conceptual design layouts for Edgewater and Dellesta stations. RH2 making a few minor revisions before preparing pre-application meeting packet for County. RH2 finalizing permit application package for Euclid sewer pump station.
- 10/24/2018 Dellesta & Edgewater PS. Design criteria review with District staff and RH2.

### 03 Permitting

- 10/25/2018 Euclid PS. Pre-application meeting scheduled with County, District staff, and RH2.
- 11/20/2018 RH2 preparing permit applications based on information from pre-application meeting with County.
- 12/18/2018 Euclid PS. Whatcom County is requiring an Environmental Site Assessment. Staff will be discussion options with RH2.
- 1/3/2019 Whatcom County pre-application meeting for both Dellesta and Edgewater pump stations.
- 2/19/2019 Shoreline development permit applications submitted to Whatcom County for Edgewater and Dellesta.
- 2/20/2019 Euclid PS. Staff and RH2 trying to setup meeting with County regarding critical areas assessment and mitigation options.
- 3/20/2019 Euclid PS. District staff and RH2 still actively pursuing County for critical areas meeting - County staff has been non-responsive.
- 4/16/2019 Euclid PS. District staff and RH2 received confirmation from County staff that a critical areas assessment can be waived by assuming all areas are buffer areas. This will save the expense of doing an assessment. Staff is preparing documents for submittal to County.
- 5/21/2019 Euclid PS. Early May 2019 crews performed routine maintenance and wet well cleaning with the vac truck. The vac truck got stuck due to wet grass growing through gravel access road and soft muddy area near the pump station. District staff working with RH2 to include access road improvements to project scope for an all season traction surface for routine maintenance and emergency response readiness. This will result is a larger mitigation area and construction cost. Construction costs will be updated in worked into the 2020 capital improvement planning process.
- 6/11/2019 Euclid PS. Several design options were investigated with cost estimates for access road improvements. All the options were extremely expensive. District staff and management all agreed to try and re-establish the existing access road. RH2 is proceeding with the final permit application documents to be submitted to County soon.
- 7/29/2019 Euclid PS. Substantial shoreline development permit application submitted to Whatcom County.
- 8/21/2019 Dellesta and Edgewater Shoreline Development Permit Hearing at 130pm at Whatcom County Courthouse.

### 05 Design

- 9/12/2019 District reviewed 90% plans and returned comments to consultant.

## C1810 Airport PS Stationary Generator & Lakewood PS Access Easement

*Install stationary generator at Airport Sewer Pump Station. Record easements for both stationary generator at Airport and new access easement to Lakewood Sewer Pump Station.*

### 01 Administration

- 4/19/2018 Staff review GSA quote and will be placing order soon. This will also include the ATS for Camp Firwood.
- 5/21/2018 Staff reviewed potential generator locations on site. The best place for installation is next to the control/electrical panels. This location, however, is not in the County road right-of-way, but on WWU Lakewood Facility land. Staff plans to try working with WWU to obtain an easement for the generator. This will require survey and engineering support from Wilson. A task order will be developed for Wilson to assist District staff in this process. An access easement to the District's Lakewood Sewer Pump Station serving WWU will also be part of the discussions.
- 7/17/2018 Staff coordinating with WWU to obtain easement to place stationary generator.

- 8/1/2018 Staff met with WWU to discuss easement. Wilson is preparing easement documents for review and routing. We also brought up that the District need an access route/easement to get to the Lakewood pump station. WWU suggested to try and resolve both easements at once. Staff needs to meet with Wilson onsite to figure out the best access route to Lakewood pump station. Then, Wilson can prepare that easement document as well before routing the total package to WWU.
- 10/17/2018 Wilson Task Order issued to assist in preparing and recording new easements on WWU property.
- 11/8/2018 Staff met with WWU to review Airport and Lakewood proposed easements. WWU to process Airport easement. WWU requested District contact adjacent property owner to Lakewood Pump Station to open easement discussions with them before WWU will consider giving access easement for that location.
- 11/16/2018 Staff met with property owner adjacent to Lakewood Sewer Pump Station to discuss proposed access easement.
- 12/12/2018 Generator purchase order was issued using GSA.
- 12/18/2018 WWU and staff are in the process of negotiating easement language for the Airport PS site.
- 2/19/2019 WWU in process of executing easement document.
- 3/27/2019 Delivered genset to shop at 1010 Lakeview. Awaiting easement and permit to install. Jason
- 4/1/2019 Easement has been executed by WWU and recorded with the County Auditor's office.
- 5/22/2019 District crews constructing generator slab and installing ATS.
- 6/18/2019 District staff negotiating with private property owner for access easement to Lakewood Sewer Pump Station. Several revisions have been sent back and forth. Hopefully we are getting close to a deal.
- 6/18/2019 ATS installed. Concrete slab poured. New stationary generator being placed on new slab today. District field crew will make final electrical connections over the next few weeks, followed by startup and testing, and electrical inspections.
- 7/23/2019 Generator and ATS installed and wired. District scheduling vendor to assist with initial generator startup.
- 8/5/2019 Lakewood Sewer Pump Station access easement recorded.
- 9/18/2019 Staff working to schedule electrical contractor to assist in final wiring connections on PSE service and ATS.

### 03 Permitting

- 4/2/2019 Permit application submitted to County.
- 4/16/2019 District staff working with County staff on finalizing permit requirements.

### 05 Design

- 2/27/2018 Generator sizing completed by electrical engineer. Staff now working on site plans and GSA procurement of generator.

## C1814 Agate Heights WTP and Opal Booster Upgrades

*Increase treatment and pumping capacity from 30gpm to 60 gpm.*

### 01 Administration

- 2/12/2018 Staff asked Wilson to prepare Task Order to assist with preliminary design and permitting.
- 3/28/2018 Staff and Wilson toured two treatment plants that have "Atec" iron/manganese removal package treatment plant systems at Pole Road Water Association. Tour facilitated project scope development with staff and Wilson.
- 4/19/2018 Task order scope of work is being developed by staff and Wilson. Once a draft is complete it will be presented to the Board for authorization.
- 7/25/2018 Wilson task order reviewed and authorized by board.
- 7/26/2018 Task order executed. Wilson is beginning work.

### 02 Predesign

- 1/15/2019 District staff met with Wilson Engineering to review several different package treatment plant and package booster station vendors. Preliminary layouts indicate the existing building footprint is sufficient to install the larger capacity equipment - this significantly reduces the permitting requirements and overall project costs. Wilson will develop a pre-selection criteria to advertise, evaluate, and select specific equipment to be used to complete the design and reports to be submitted to DOH for review and approval. Selection criteria will be presented to the board for input prior to advertisement.
- 2/21/2019 Staff meeting with Wilson to explore and discuss new option of increasing capacity of existing Filtronics system.
- 5/29/2019 Wilson completed predesign report. Wilson will be presenting findings and recommendations at 5/29/2019 Board meeting.
- 6/18/2019 Future board discussion will be scheduled to determine where funding for this project will come from (i.e. existing rate payers, special benefit area, etc).
- 9/18/2019 Wilson preparing final tech memo with new alternatives based on board comments.

#### **04 Predesign and Permitting**

- 9/19/2018 ATEC treatment system pilot testing scheduled for October 2018.
- 10/18/2018 Pilot testing of ATEC treatment system finished.

### **C1903 District Office Misc Facility Improvements**

*District administrative office facility repairs and improvements located at 1220 Lakeway Drive. Work includes: Installing an irrigation system, upper parking lot asphalt patching (approx. 16-ft x 75-ft = 1,200 sf area), front entrance parking lot surface drainage grading / asphalt patching (approx. 40-ft x 30-ft = 1,200 sf area), and replacing front entrance garden stepping pavers with concrete steps/walkway.*

#### **01 Administration**

- 4/9/2019 Irrigation installed and ready for service this summer.
- 8/14/2019 Concrete path installed at front entrance.

#### **06 Bidding**

- 7/3/2019 2019 Asphalt Patching Advertisement sent to Small Works Roster Contractors
- 7/15/2019 2019 Asphalt Patching prebid meeting.
- 7/23/2019 2019 Asphalt Patching bid opening.

#### **10 Construction**

- 8/8/2019 Contract executed and notice to proceed given to WRS. It is a 90-day contract and plan to start in October +/-.

### **C1904 Comprehensive Sewer Plan Update**

*The current plan was approved by Washington State Department of Ecology on June 6, 2014. The District updates the plan every 6-years. The purpose of the sewer comprehensive plan is to provide an overview of the existing sewage installations and treatment facilities operated and maintained by Lake Whatcom Water and Sewer District. In addition, it addresses potential future facilities development and projected population growth.*

#### **01 Administration**

- 3/29/2019 District received draft task order proposal. District staff is reviewing.
- 4/24/2019 Board authorized Wilson task order. Task order executed and Wilson beginning work.
- 9/18/2019 Wilson working on plan update.



## **C1905 Sewer Rehabilitation and Replacement Projects**

*Annual project to find and reduce inflow and infiltration (I&I) of surface and ground water entering the public sewer system. Work includes: sewer main slip lining (spot repairs and full lengths), pressure grouting service tees, pressure grouting manhole leaks/voids, rebuild/seal manholes, smoke testing, and other efforts to reduce I&I.*

### **01 Administration**

- 2/19/2019** District crews begin video inspection of sewer pipe and manholes in Flat Car sub-basin. Sections identified as high infiltration risk are being prioritized.
- 6/18/2019** All the allocated project funding was utilized for rebuilding the broken sewer service at 10 Sunnyside Lane.

## **C1905A - System I&I Investigation & Repairs**

### **CABLE ST BASIN**

*Investigate sewer mains to identify repairs to reduce/eliminate system I&I. Project includes camera and physical inspections to develop permanent repair tasks.*

## **C1905A - System I&I Investigation & Repairs**

### **FLAT CAR BASIN**

*Investigate sewer mains to identify repairs to reduce/eliminate system I&I. Project includes camera and physical inspections to develop permanent repair tasks.*

## **C1906 Water Meters and Replacement Registers**

*Procurement of approximately 40 new water meters and 200 meter registers.*

### **01 Administration**

- 5/22/2019** Staff procuring parts as needed within approved budget.

## **C1907 Fire Flow Improvements - Remove FH #22-112**

*This project removes a fire hydrant identified in the 2018 Water System Plan as having deficient fire flow. It is the only hydrant where sufficient fire flow cannot be reasonably achieved, and it is not needed. The District standard spacing for hydrants is 600 feet, and all parcels in this vicinity are within 600 feet of other hydrants. Hydrant #22-112 is located at the upper end of Kinglet Court. Project is to remove the hydrant and install a blow-off assembly used for flushing the main.*

## **C1908 Fire Flow Improvements - Hydraulic Model Calibration**

*Project includes additional field testing for hydraulic model calibration to determine the appropriate friction factor (C factor) to use in the model. The C factor was reduced globally based on limited field tests which had a significant negative impact on available fire flow in the higher elevation areas. If the current C factor is correct and these are "real" (not modeling) deficiencies, the District will explore options to eliminate the deficiencies. 4 to 8 areas will be analyzed in the water system.*

### **01 Administration**

- 5/20/2019 Wilson task order executed.
- 5/23/2019 Coordination meeting scheduled with Wilson and crews. Goal is to perform flow tests and data collection 1st week of June.
- 6/18/2019 Testing was delayed to pressure data recorder equipment failure. Rescheduling flow testing for later in June.
- 7/31/2019 3 flow test were conducted this summer that indicate District water mains are in good condition. More flow testing is being planned this fall in a few more areas to confirm these good results.

## **C1910 SVWTP and AHWTP Misc Component Replacement**

*Replace worn out components at Sudden Valley Water Treatment Plant (SVWTP) and Agate Height Water Treatment Plant (AHWTP). Replacements include: SVWTP Raw Water pH Probe, SVWTP Transmission Pump Control Valves (4 valves), SVWTP Transmission Pipeline Surge Valves (2 valves), SVWTP Raw Water Flow Meter, SVWTP CL2 Contact Tank Pressure Transmitter (used to measure tank level), SVWTP Spare Transfer Pump, and AHWTP Finish Water Flow Meter.*

### **01 Administration**

- 4/23/2019 Purchase order issued for 4 pump control valves at SVWTP. Delivery time is around 8 weeks.
- 9/9/2019 Procured spare SVWTP pH probe.
- 9/18/2019 Staff working with vendors and obtaining quotes for remaining components.

## **C1911 Field CL2 Injection System**

*Procure chlorine injection system for use in the field to chlorinate water mains after depressurization.*

### **01 Administration**

- 9/18/2019 Crews obtaining quotes for equipment.

## **C1913 SVWTP 20-Year Facility Plan**

*The purpose of this project is to: Identify and document specific operational, maintenance, renewal, and replacement needs for the next 20-years which includes everything (concrete building structure, underground vaults, motors, pumps, piping, valves, electrical, controls, heating and ventilation, chemical handling, lab space, etc.), prioritize the improvements, analyze physical space requirements for identified improvements, develop several conceptual plans that could accommodate all the components (it is likely that additional floor space is needed).*

### **01 Administration**

- 2/20/2019 Staff pulling together background information in preparation for RFQ.
- 9/18/2019 Staff finalizing request for qualifications documents and background information. Tentative publication date for Seattle DJC and Bellingham Herald is September 30th.
- 9/30/2019 Tentative RFQ advertisement in Seattle DJC and Bellingham Herald.
- 10/28/2019 Tentative submittal due date.
- 11/13/2019 Tentative interviews (if needed) and selection committee recommendation to board.

## **C1914 Water Rehabilitation and Replacement Projects**

*Miscellaneous water system rehab and replacement projects identified for 2019 include installing PRV vault drains at 5 PRV sites (Cascade, Rock Ridge, Hillside, Dutch Harbor, & Fremont.*

### **01 Administration**

- 1/3/2019 Slip lining Sanwick Court water main added to this project list. This will re-establish a looped system in this area. Recall that this water main had a break and that the main had to be shut down and is no longer looped. Wilson did a hydraulic analysis that indicates fire flows requirements are still met even when not looped. However, staff recommends that the loop be re-established to maintain system redundancy and resiliency.
- 1/16/2019 District staff is coordinating with SWFA on old hydrants in the Geneva area that have smaller 3.5", 4", or 4.5" threaded front ports, and several that have 4" stortz adapters. SWFA has standardized on the 5" stortz. These smaller font ports and 4" stortz adapters need to be fitted with 5" stortz. SWFA requested that the 4.5" National Hose thread (Dresser brand hydrants) and 4" stortz are the priority for conversion to 5" stortz.

## **C1914C SVWTP Raw Water Intake Check Valve**

*Replace check valve on SVWTP raw water intake line.*

### **01 Administration**

- 9/11/2019 Insert-A-Valve and Insert-A-Tee install on raw water intake.
- 9/18/2019 Staff working on the 2nd phase this project - to replace faulty check valve and install new knife valve. Staff procuring hardware and piping components. Work will be scheduled once all the materials are on-hand and a detailed action plan is developed.

## **M1916 Flat Car Impellers, Volutes, and Wear Rings**

*Replace worn volute, impeller, and wear rings on pumps #1 and #3 at Flat Car Sewer Pump Station. Parts will have a ceramic coating that should extend their service life compared to the originals. Note pump #2 had these parts replaced in 2018.*

### **01 Administration**

- 9/9/2019 Purchase order issued for parts.

## **M1917 AB PLC-5 Replacements and UPS Improvements**

*The District has several sites that use these older style PLC's: Sudden Valley Sewer Pump Station, Flat Car Sewer Pump Station, Beaver Sewer Pump Station, and Division 30 Booster Station.*

*This project is intended to begin the replacement process of discontinued PLC's as well as make uninterruptable power supply (UPS) improvements for better facility reliability. The scope of work and budget to complete the project is not known at this time. A budget amount of \$100k was approved to select a general electrical/control engineering consultant through the Request for Qualifications (RFQ) selection process and to develop an initial scope to plan the migration at each site to the new PLC's and determine what UPS improvements can be made to increase facility reliability. With the remaining 2019 budget, prepare bid documents, bid the work, contract with a contractor to begin the migration, and lastly to develop future CIP budgets to finish the work.*

### **01 Administration**

- 9/18/2019 Staff decided to utilize MRSC consultant roster to select qualified firm. Once firm is selected scope of work and fee estimate will be developed.



**AGENDA  
BILL  
Item 7.C**

**Finance Department  
Report**

DATE SUBMITTED:	September 19, 2019	MEETING DATE:	September 25, 2019
TO: BOARD OF COMMISSIONERS		FROM: Debi Denton	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS		1. Monthly Budget Analysis	
		2. August 2019 Adjustments Report	
		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**

Information only.

**FISCAL IMPACT**

N/A

**RECOMMENDED BOARD ACTION**

N/A

**PROPOSED MOTION**

N/A



## LAKE WHATCOM WATER AND SEWER FUND SUMMARY 2019

	401	420	425	426	431	450	460	
	OPERATING	SYSTEM REINVESTMENT	SEWER/ STORM WATER CONTINGENCY	WATER CONTINGENCY	2016 BOND FUND	DEBT SERVICE	BOND RESERVE (RESTRICTED)	TOTAL
2019 REVENUES AND TRANSFERS IN	4,574,237	764,830	359,408	20,000	-	865,720	-	6,584,195
2019 EXPENDITURES AND TRANSFERS OUT	(4,666,371)	(1,209,207)	(344,530)	-	(114,092)	(116,203)	-	(6,450,403)
CASH/INVESTMENTS 2018 CARRYOVER	1,868,506	1,092,805	772,210	440,000	114,092	1,381	772,334	5,061,328
	-----	-----	-----	-----	-----	-----	-----	-----
ALLOCATED TO OPERATING RESERVES	\$1,776,372 -\$800,000 \$976,372	\$648,428	\$787,088	\$460,000	\$0	\$750,898	\$772,334	\$5,195,120

# LAKE WHATCOM WATER AND SEWER REVENUE

Description		Budget 2019	ACTUAL 8/31/2019	
<b>OPERATING FUND - 401</b>			67%	
<b>REVENUES</b>				
401-343-40-10	Water Sales Metered (4.0% base rate increase) *	2,526,043	1,600,309	63%
401-343-41-10	Permits (10 new connection permits)	210,000	127,241	61%
401-343-50-11	Sewer Service Residential (2.5% rate increase) *	4,058,102	2,712,560	67%
401-343-50-19	Sewer Service Other	4,000	3,054	76%
401-343-50-80	Latecomer's Fees	-	-	
401-343-81-10	Combined Fees	30,000	14,834	49%
401-359-90-00	Late fees	50,000	37,587	75%
401-361-11-00	Investment Interest	50,000	52,743	105%
401-361-40-00-80	ULID 18 Interest/Penalties	5,000	4,424	88%
401-368-10-00-80	ULID 18 Principal Payments	30,000	14,615	49%
401-369-10-00	Sale of scrap metal and surplus	2,000	5,203	260%
401-369-10-01	Miscellaneous	-	1,667	
401-395-10-00	Sale of Capital Assets	-	-	
401-395-20-00	Deposits	-	-	
401-398-20-00-01	Insurance recovery	-	-	
<b>TOTAL REVENUES</b>		<b>6,965,145</b>	<b>4,574,237</b>	<b>65.7%</b>

	LAKE WHATCOM WATER AND SEWER EXPENDITURES			
	Description	BUDGET 2019	8/31/2019	
<b>OPERATING FUND - 401</b>			<b>67%</b>	
<b>EXPENDITURES</b>				
401-53X-10-10	Admin Payroll (3% cola plus step increases - 2019)	674,270	456,610	68%
401-53X-10-20	Admin Personnel Benefits (Medical,Retirement etc)	284,390	194,445	68%
401-53X-10-31	Gen Admin Supplies/Equipment	30,000	26,000	87%
401-53X-10-31-01	Meetings/Team building	3,000	4,999	167%
401-53X-10-40	Web pay/Bank Fees	40,000	28,392	71%
	Interlocal - Lake Whatcom Management Program (City)			
	Interlocal - Invasive Species (City)			
	Interlocal - Lake Whatcom Tributary Monitor (County)			
401-534-10-41	Water Quality Assurance Programs (TOTAL)	90,000	59,184	
	Simplifile (County Auditor Filing Fees)	6,500		
	Data Bar (Statement processing)	25,000		
	Answering Service	2,000		
	Data Pro (Time clock system)	2,000		
	BIAS Financial Software Maintenance	10,000		
	Web Check services	5,000		
	CPA (Internal audit and Financial statements)	6,000		
	Docuware/Web site maintenance and upgrade	15,000		
	Legal Counsel	60,000		
	3D - Computer support	25,000		
	3D - Firewall renewal	15,000		
	3D - Anti virus subscription	1,000		
	Building security for offices	2,000		
	Building custodial	10,000		
	Pest control	500		
	Landscaping service	4,000		
	South Whatcom Fire (hydrant maintenance)	1,000		
	GE Scada System Software Maintenance - Operations	7,500		
	Wilson Engineering	20,000		
	Camera Van Software	1,500		
	SCADA/PLC Support - Engineering/Operations	5,000		
	Cartegraph - Engineering/Operations	30,000		
	Auto Desk - Engineering	1,000		
	GIS Partnership	1,000		
	Rockwell - Engineering/Operations	500		
	IT Pipes	1,500		

	LAKE WHATCOM WATER AND SEWER EXPENDITURES			
	Description	BUDGET 2019	8/31/2019	
	ESRI - ARC GIS	1,500		
	Innovyze - Engineering	2,500		
	Master Meter	2,000		
	Cyberlock software	1,000		
	Whatcom County Emergency Management	20,000		
	Misc (Bid notices etc.)	5,000		
401-53X-10-41-01	Professional Services (TOTAL)	290,000	207,371	72%
401-53X-10-42	Communication	50,000	36,629	73%
401-53X-10-45	Admin Lease (new copy machines now leased)	7,000	6,874	98%
401-53X-10-46	Property Insurance	134,000	-	0%
401-53X-10-49	Admin Misc.	1,000	55	6%
401-53X-10-49-01	Memberships/Dues	17,000	13,560	80%
401-53X-10-49-02	WA State Dept of RevenueTaxes/Permits	215,000	145,181	68%
401-53X-40-43	Training & Travel	35,000	25,029	72%
401-53X-40-43-01	Tuition reimbursement	1,000	-	0%
401-53X-50-31	Maintenance Supplies	280,000	97,221	35%
40153X-50-31-01	Small assets	20,000	27,186	136%
401-53X-50-48	Operations Repair/Maint	40,000	74,766	187%
401-53X-50-49	Insurance Claims	5,000	5,000	100%
401-53X-60-41	Operations Contracted	22,500	4,441	20%
401-534-60-47	Water City of Bellingham	45,000	5,903	13%
401-535-60-47	Sewer City of Bellingham Treatment Fee	650,000	471,081	72%
401-53X-80-10	Operations Payroll (3% cola plus step increases - 2019)	1,066,380	719,762	67%
401-53x-80-10-01	Operations Capital Projects Payroll	-	-	
401-53X-80-20	Operations Personnel Benefits (Medical,Retirement etc)	503,000	315,114	63%
401-53X-80-32	Fuel	28,000	16,082	57%
401-53X-80-35	Safety Supplies	10,000	12,718	127%
401-53X-80-35-01	Safety Supplies Boots	2,500	842	34%
401-53X-80-35-02	Emergency Preparedness	10,000	5,543	55%
401-53X-80-47	General Utilities	230,000	133,485	58%
401-53X-80-49	Laundry	4,000	2,728	68%
401-589-99-99	Payroll liabilities	-	42	
	OPERATING EXPENDITURES	4,788,040	3,096,243	64.7%



	LAKE WHATCOM WATER AND SEWER EXPENDITURES			
	Description	BUDGET 2019	8/31/2019	
TRANSFERS	Transfers Out to System Reinvestment Fund 420	1,600,000	325,000	
	Transfers Out to Sewer/Storm Water Contingency Fund 425	15,000	15,000	
	Transfer Out to Sewer/Storm Water Contingency Fund 425 for Geneva/Country Club		344,408	
	Transfers Out to Water Contingency Fund 426	20,000	20,000	
	Transfers Out to Debt Service Fund 450	647,406	646,026	
	Transfers Out to Debt Service Fund 450	219,694	219,694	
	TOTAL EXPENDITURES AND TRANSFERS	7,290,140	4,666,371	
OPERATING FUND	OPERATING REVENUES	6,965,145	4,574,237	
	EXPENDITURES AND TRANSFERS	(7,290,140)	(4,666,371)	
	2018 BALANCE CARRYOVER	1,200,000	1,868,506	
	ALLOCATED TO OPERATING RESERVES	(800,000)	(800,000)	
		75,005	976,372	

## LAKE WHATCOM WATER AND SEWER

### INVESTMENTS/CASH AS OF 8/31/2019

Petty Cash	\$	1,600	
Cash	\$	380,241	0.45%
Public Funds Account	\$	969,966	2.00%
LGIP	\$	1,022,945	2.54%

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\$ 2,374,752

		PAR VALUE		YIELD
FFCB - ProEquity	Callable	\$ 500,000	Oct-19	1.44%
FHLB - ProEquity	Callable	\$ 500,000	Feb-20	2.48%
FFCB - ProEquity	Callable	\$ 750,000	Aug-20	1.10%
RFCO-ProEquity	Non-callable	\$ 1,070,364	Jan-21	2.71%

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US Bank \$ 2,820,364

**TOTAL** **\$ 5,195,116**

#### USE OF FUNDS:

Reserved	\$ 772,334
Contingency	\$ 1,247,088
Unrestricted	\$ 3,175,694
	<hr style="width: 100%;"/>
	<b>\$ 5,195,116</b>

**Aug-19**

**ADJUSTMENTS**

200004033	10	Late fee reversal
240029008	14.02	Late fee reversal
100000913	28.55	Late fee reversal
160025008	25.68	Late fee reversal
180012065	26.5	Late fee reversal
140020080	59.04	Late fee reversal
20000458	23.37	Late fee reversal
120000539	16.34	Late fee reversal
220022318	16.5	Late fee reversal
40000056	61.2	Late fee reversal
100000186	23.37	Late fee reversal
180031014	21.4	Late fee reversal
140007143	23.41	Late fee reversal
220022158	23.37	Late fee reversal
200002006	23.37	Late fee reversal
220022154	52.57	Late fee reversal
220003084	23.37	Late fee reversal
160024187	23.37	Late fee reversal
200034011	25.38	Late fee reversal
160030076	24.07	Late fee reversal

**TOTAL**

**\$ 544.88**



**AGENDA  
BILL  
Item 7.D**

**Operations Department  
Report**

DATE SUBMITTED:	September 20, 2019	MEETING DATE:	September 25, 2019
TO: BOARD OF COMMISSIONERS		FROM: Brent Winters	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS		1.	
		2.	
		3.	
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

Placeholder for the Operations & Maintenance manager to give a departmental update.

**FISCAL IMPACT**

Not applicable at this time.

**RECOMMENDED BOARD ACTION**

Review and discuss.

**PROPOSED MOTION**

Not applicable at this time.