



LAKE WHATCOM WATER & SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA, 98229

(360) 734-9224
Fax 738-8250

MEMORANDUM

Date: April 21, 2021
From: Lake Whatcom Water & Sewer District
RE: Meeting Procedures During the Covid-19 Emergency

Lake Whatcom Water & Sewer District continues to operate under adjusted procedures in order to provide continuous service to our customers. That said, we are taking precautions in an effort to protect the health and safety of our staff, commissioners, and customers. Our lobby is currently closed to the public, and we are practicing social distancing guidelines as suggested by Governor Inslee and the CDC.

For the foreseeable future, Commissioners will be attending regular meetings by phone. Per Governor Inslee's [Proclamation No. 20-28.3](#) amending his Stay Home, Stay Health proclamation, the District will provide access to interested public via phone/internet utilizing the GoToMeeting platform.

If you would like to attend the April 28, 2021 regular meeting, details can be found below. In this evolving climate, we are committed to doing everything possible to provide opportunity for public comment as well as promote health and safety. As such, the District requests that if possible, public submit comments in written form by noon the day before a scheduled meeting for inclusion in the meeting discussion.

We appreciate your understanding and patience during these uncertain times. If you have any questions, please contact Administrative Assistant Rachael Hope at rachael.hope@lwswd.org or 360-734-9224.

April 28, 2021 Work Regular Board Meeting

Wed, Apr 28, 2021 8:00 AM - 10:00 AM (PDT)

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/537479053>

You can also dial in using your phone.

United States: [+1 \(312\) 757-3121](tel:+13127573121)

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LAKE WHATCOM WATER AND SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA 98229

REGULAR MEETING OF THE BOARD OF COMMISSIONERS

AGENDA

April 28, 2021


8:00 a.m. – Regular Session

1. CALL TO ORDER
2. ROLL CALL
3. CONFIRMATION OF COMPLIANCE WITH REMOTE MEETING ATTENDANCE PROTOCOLS
4. PUBLIC COMMENT OPPORTUNITY
At this time, members of the public may address the Board of Commissioners. Please state your name prior to making comments.
5. ADDITIONS, DELETIONS, OR CHANGES TO THE AGENDA
6. CONSENT AGENDA
7. SPECIFIC ITEMS OF BUSINESS
 - A. Presentation—City of Bellingham Resource Recovery Project Update (Post Point Wastewater Treatment Plant)
 - B. Resolution No. 873—Integration of Investment Policy and Fixed Asset Management Policy into Administrative Code Title 2—Fiscal Management Policies
 - C. Resolution No. 874—Revision to the Voluntary Temporary Billing Suspension Policy in Administrative Code Title 2—Fiscal Management Policies
8. OTHER BUSINESS
9. STAFF REPORTS
 - A. General Manager
 - B. Engineering Department
 - C. Finance Department
 - D. Operations Department
10. PUBLIC COMMENT OPPORTUNITY
11. ADJOURNMENT



**AGENDA
BILL
Item 6**

Consent Agenda

DATE SUBMITTED:	April 22, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS	FROM: Rachael Hope		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. See below		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

****TO BE UPDATED 4.27.2021****

BACKGROUND / EXPLANATION OF IMPACT

- Findings of Fact – 1834 Lake Louise Rd Appeal
- Findings of Fact – 2377 North Shore Rd Appeal
- Payroll for Pay Period #08 (04/03/2020 through 04/16/2021) totaling \$44,674.52
- Payroll Benefits for Pay Period #08 totaling \$51,141.84
- Accounts Payable Vouchers total to be added

FISCAL IMPACT

Fiscal impact is as indicated in the payroll/benefits/accounts payable quantities defined above. All costs are within the Board-approved 2021 Budget.

RECOMMENDED BOARD ACTION

Staff recommends the Board approve the Consent Agenda.

PROPOSED MOTION

A recommended motion is:

“I move to approve the Consent Agenda as presented.”

IN RE THE PETITION OF:

Petitioner

FINDINGS OF FACT AND CONCLUSIONS OF LAW AND DECISION

FINDINGS OF FACT

4. Through email correspondence between Mr. Pinnow and District staff on March 22, 2021, staff indicated that Mr. Pinnow's continued hearing had been scheduled for the Board's regularly scheduled meeting on April 14, 2021, Mr. Pinnow subsequently requested that the hearing be held during the Board's March 31, 2021 meeting, which staff agreed to, and Mr. Pinnow's Petition was then scheduled for the March 31, 2021 Board meeting.

5. On March 25, 2021, District staff forwarded the March 31, 2021 Board meeting packet via email to Mr. Pinnow, which showed Mr. Pinnow's Petition on the agenda and within which was clearly stated a meeting start time of 8:00 a.m.

6. The Board convened its regularly scheduled meeting at 8:00 a.m. on March 31, 2021, during which Mr. Pinnow's Petition was considered under Agenda Item 7.B.

7. Mr. Pinnow failed to appear before the Board during its consideration of his Petition.

8. During its March 31, 2021 meeting, the Board considered the merits of Mr. Pinnow's request, existing District code requirements, and staff's above-referenced interpretation thereof. The Board voted to decline Mr. Pinnow's Petition and required extension of the existing public water main in Lake Louise Road past the subject property's right-of-way frontage as a condition of water service.

9. Following the March 31, 2021 Board meeting, District staff notified Mr. Pinnow via email of the Board's decision, to which Mr. Pinnow responded that he had neglected to see that it was a morning meeting and had been planning to attend the meeting that evening, and requested an opportunity to correct his error.

From the foregoing Findings of Fact, the Board makes the following:

CONCLUSIONS OF LAW

1. The decision of the Board is a final decision of the District. Administrative Code Section 3.7.2.
2. The Board made its decision on Mr. Pinnow's Petition based upon the merits of the waiver request, rather than by default, as allowed under Administrative Code Section 3.7.7.
3. Had the Board declined the Petition by default for failure to appear, the General Manager determined under Administrative Code Section 3.7.7 that Mr. Pinnow would not qualify for another hearing, as allowed only if the failure to appear was caused by an emergency or because of the occurrence of an unforeseeable circumstance or event. This decision is reflected in the Memorandum by Justin Clary, General Manager, attached hereto as EXHIBIT A.

Any above Finding of Fact that is better characterized as a Conclusion of Law and any Conclusion of Law that is better characterized as a Finding of Fact shall be considered as such. From the foregoing Findings of Fact and Conclusions of Law, the Board enters the following decision:

DECISION

The Petitioner's Petition to Waive or Adjust Connection Requirements is hereby denied. Development requirements under the District Administrative Code require a public water main extension through the parcel located at 1834 Lake Louise Road; and as a condition of water service, the developer shall extend the existing public water main in Lake Louise Road past the subject property's right-of-way frontage shown schematically in Option No. 2, as presented to the Board by staff.

DATED: April 28, 2021

PRESIDENT OF THE BOARD

EXHIBIT A



LAKE WHATCOM WATER & SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA, 98229

(360) 734-9224
Fax 738-8250

MEMORANDUM

To: Board of Commissioners

From: Justin Clary, General Manager

Date: April 1, 2021

RE: Customer Appeal—Petition to Waive or Adjust Connection Requirements
1834 Lake Louise Road

During regularly scheduled meetings held on March 10 and March 31, 2021, the Lake Whatcom Water and Sewer District Board of Commissioners considered the merits of a petition filed by Mr. Luke Pinnow to waive or adjust District connection requirements associated with a short plat subdivision that Mr. Pinnow is completing on his property located at 1834 Lake Louise Road. During the March 31, 2021 meeting, which Mr. Pinnow failed to appear at, the Board voted to decline Mr. Pinnow's petition and require extension of the existing public water main in Lake Louise Road past the subject property's right-of-way frontage as a condition of water service.

Had the Board ruled against the petition based upon Mr. Pinnow's failure to appear, rather than on the merits of the petition, I have determined that he would not have qualified for another hearing, as allowed under Administrative Code Section 3.7.7, because his failure to appear was not caused by an emergency nor due to the occurrence of an unforeseeable circumstance or event. This determination is based upon email correspondence with Mr. Pinnow dated March 31, 2021, in which Mr. Pinnow indicated that he failed to recognize that the meeting was convened during its regular time at 8:00 a.m.

LAKE WHATCOM
BOARD OF COMMISSIONERS

IN RE THE PETITION OF:

Ali Taysi (on behalf of Norman Chang)
Petitioner

) No.
)
) FINDINGS OF FACT AND
) CONCLUSIONS OF LAW
) AND DECISION
)
)
)

On behalf of Norman Chang, Ali Taysi filed a Petition to Waive or Adjust District Connection Requirements (“Petition”) associated with provision of water services at the premises commonly known as 2377 North Shore Road, Bellingham, Washington. Said Petition having come before the Board of Commissioners on March 31, 2021 and the Board of Commissioners having fully and duly considered the matter, hereby makes the following:

FINDINGS OF FACT

1. In 2012, Norman Chang, property owner, contacted the District inquiring into the availability of a water connection to the Agate Heights Water System and the cost for connection.
2. On November 27, 2012, the District responded stating the connection to the water system would require the owner to extend the main past and/or through the property line by Developer Extension Agreement and provided the applicable connection and latecomer fees.
3. On February 18, 2021, the District received a letter dated February 14, 2021, via email from Mr. Taysi requesting a Petition be considered by the Board of Commissioners (the “Board”) to waive the connection requirements.
4. On February 24, 2021, District staff responded to Mr. Taysi’s petition request indicating that the petition hearing would be scheduled for the regularly scheduled Board of Commissioners meeting on March 10, 2021, unless Mr. Taysi was unavailable and wished to have the hearing during the Board’s March 31, 2021 morning meeting.
5. Without receiving a response, District staff included the Petition hearing on the March 10, 2021 Board of Commissioners meeting agenda.
6. District staff received an email from Mr. Taysi on March 7, 2021, requesting that the petition hearing be postponed to the March 31, 2021 Board of Commissioners meeting.

7. During its regularly scheduled meeting on March 10, 2021, the Board of Commissioners agreed to postpone the petition hearing until its March 31, 2021 meeting.

8. The Board of Commissioners convened its regularly scheduled meeting at 8:00 a.m. on March 31, 2021, during which Mr. Taysi's Petition was considered under Agenda Item 7.A.

9. Mr. Taysi failed to appear before the Board during its consideration of his Petition.

10. During its March 31, 2021 meeting, the Board considered the merits of Mr. Taysi's request, existing District code requirements, and staff's above-referenced interpretation thereof. The Board voted to decline Mr. Taysi's Petition and required extension of the existing public water main in North Shore Road past the subject property's right-of-way frontage as a condition of water service.

11. Following the March 31, 2021 Board meeting, District staff notified Mr. Taysi via email of the Board's decision, to which Mr. Taysi responded on April 1, 2021 that he had neglected to note that it was a morning meeting and had been planning to attend the meeting that evening.

From the foregoing Findings of Fact, the Board makes the following:

CONCLUSIONS OF LAW

1. The decision of the Board is a final decision of the District. Administrative Code Section 3.7.2.
2. The Board made its decision on Mr. Taysi's Petition based upon the merits of the waiver request, rather than by default, as allowed under Administrative Code Section 3.7.7.
3. Had the Board declined the Petition by default for failure to appear, the General Manager determined under Administrative Code Section 3.7.7 that Mr. Taysi would not qualify for another hearing, as allowed only if the failure to appear was caused by an emergency or because of the occurrence of an unforeseeable circumstance or event. This decision is reflected in the Memorandum by Justin Clary, General Manager, attached hereto as EXHIBIT A.

Any above Finding of Fact that is better characterized as a Conclusion of Law and any Conclusion of Law that is better characterized as a Finding of Fact shall be considered as such. From the foregoing Findings of Fact and Conclusions of Law, the Board enters the following decision:

DECISION

The Petitioner's Petition to Waive or Adjust Connection Requirements is hereby denied. Development requirements under the District Administrative Code require a public water main extension through the parcel located at 2377 North Shore Road; and as a condition of water service, the owner shall extend the existing public water main in North Shore Road past the subject property's right-of-way frontage.

DATED: April 28, 2021

PRESIDENT OF THE BOARD

EXHIBIT A



LAKE WHATCOM WATER & SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA, 98229

(360) 734-9224
Fax 738-8250

MEMORANDUM

To: Board of Commissioners

From: Justin Clary, General Manager

Date: April 1, 2021

RE: Customer Appeal—Petition to Waive or Adjust Connection Requirements
2377 North Shore Road

During a regularly scheduled meeting held on March 10, 2021, the Lake Whatcom Water and Sewer District Board of Commissioners was scheduled to hear a petition filed by Mr. Ali Taysi, representing Mr. Norman Chang, to waive or adjust District water main extension requirements associated with provision of water service to Mr. Chang's property located at 2377 North Shore Road. However, prior to the meeting, Mr. Taysi requested that the hearing be postponed to the Board's regularly scheduled meeting on March 31, 2021. During the March 31, 2021 meeting, which Mr. Taysi failed to appear at, the Board considered the merits of the petition and voted to decline Mr. Taysi's petition and require extension of the existing public water main in North Shore Road past the subject property's right-of-way frontage as a condition of water service.

Had the Board ruled against the petition based upon Mr. Taysi's failure to appear, rather than on the merits of the petition, I have determined that he would not have qualified for another hearing, as allowed under Administrative Code Section 3.7.7, because his failure to appear was not caused by an emergency nor due to the occurrence of an unforeseeable circumstance or event. This determination is based upon email correspondence with Mr. Taysi dated April 1, 2021, in which Mr. Taysi indicated that he failed to recognize that the meeting was convened during its regular time at 8:00 a.m.

PAYROLL

CHECK REGISTER

Lake Whatcom W-S District

Time: 10:33:22 Date: 04/20/2021

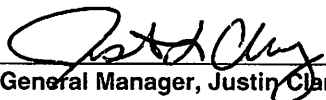
04/22/2021 To: 04/22/2021

Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
1165	04/22/2021	Payroll	5	EFT		434.79	04/03/2021 - 04/16/2021 PR 8
1166	04/22/2021	Payroll	5	EFT		353.09	04/03/2021 - 04/16/2021 PR 8
1167	04/22/2021	Payroll	5	EFT		353.09	04/03/2021 - 04/16/2021 PR 8
1168	04/22/2021	Payroll	5	EFT		3,641.84	04/03/2021 - 04/16/2021 PR 8
1169	04/22/2021	Payroll	5	EFT		2,484.95	04/03/2021 - 04/16/2021 PR 8
1170	04/22/2021	Payroll	5	EFT		2,578.45	04/03/2021 - 04/16/2021 PR 8
1171	04/22/2021	Payroll	5	EFT		3,570.42	04/03/2021 - 04/16/2021 PR 8
1173	04/22/2021	Payroll	5	EFT		2,539.19	04/03/2021 - 04/16/2021 PR 8
1175	04/22/2021	Payroll	5	EFT		1,425.87	04/03/2021 - 04/16/2021 PR 8
1176	04/22/2021	Payroll	5	EFT		2,917.94	04/03/2021 - 04/16/2021 PR 8
1177	04/22/2021	Payroll	5	EFT		2,028.64	04/03/2021 - 04/16/2021 PR 8
1178	04/22/2021	Payroll	5	EFT		3,248.86	04/03/2021 - 04/16/2021 PR 8
1179	04/22/2021	Payroll	5	EFT		3,173.86	04/03/2021 - 04/16/2021 PR 8
1180	04/22/2021	Payroll	5	EFT		2,111.67	04/03/2021 - 04/16/2021 PR 8
1181	04/22/2021	Payroll	5	EFT		353.09	04/03/2021 - 04/16/2021 PR 8
1182	04/22/2021	Payroll	5	EFT		2,443.74	04/03/2021 - 04/16/2021 PR 8
1183	04/22/2021	Payroll	5	EFT		1,782.17	04/03/2021 - 04/16/2021 PR 8
1184	04/22/2021	Payroll	5	EFT		2,128.65	04/03/2021 - 04/16/2021 PR 8
1185	04/22/2021	Payroll	5	EFT		2,812.02	04/03/2021 - 04/16/2021 PR 8
1186	04/22/2021	Payroll	5	EFT		2,511.91	04/03/2021 - 04/16/2021 PR 8
1172	04/22/2021	Payroll	5	11512		353.09	3/3/2021 3/10/2021 3/31/2021
1174	04/22/2021	Payroll	5	11513		1,427.19	04/03/2021 - 04/16/2021 PR 8
401 Water Fund						12,755.30	
402 Sewer Fund						31,919.22	

44,674.52 Payroll: 44,674.52

I do hereby certify, under penalty of perjury, that the above is an unpaid, just, and due obligation as described herein, and that I am authorized to certify this claim.

Sign  Date 4/20/2021
General Manager, Justin Clary

Board Authorization - The duly elected board for this district has reviewed the claims listed and approved the payment by motion at the meeting listed below:

Board President, Laura Abele

Attest : _____
Recording Secretary, Rachael Hope

Approved by motion at _____ Regular _____ Special Board Meeting on _____
Date Approved

CHECK REGISTER

BENEFITS

Lake Whatcom W-S District

Time: 10:31:17 Date: 04/20/2021

04/22/2021 To: 04/22/2021

Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
1187	04/22/2021	Payroll	5	EFT	UNITED STATES TREASURY	16,731.15	941 Deposit for Pay Cycle(s) 04/22/2021 - 04/22/2021
1188	04/22/2021	Payroll	5	EFT	WA ST SUPPORT ENFORCEMENT REGISTRY	208.34	Pay Cycle(s) 04/22/2021 To 04/22/2021 - SUP ENF
1189	04/22/2021	Payroll	5	11514	AFLAC	354.85	Pay Cycle(s) 04/22/2021 To 04/22/2021 - AFLAC Pre-Tax; Pay Cycle(s) 04/22/2021 To 04/22/2021 - AFLAC Post-Tax
1190	04/22/2021	Payroll	5	11515	AFSCME LOCAL	336.82	Pay Cycle(s) 04/22/2021 To 04/22/2021 - Union Dues; Pay Cycle(s) 04/22/2021 To 04/22/2021 - Union Fund
1191	04/22/2021	Payroll	5	11516	DEPARTMENT OF RETIREMENT SYSTEMS	4,396.00	Pay Cycle(s) 04/22/2021 To 04/22/2021 - DCP
1192	04/22/2021	Payroll	5	11517	HRA VEBA TRUST (PAYEE)	560.00	Pay Cycle(s) 04/22/2021 To 04/22/2021 - VEBA
1193	04/22/2021	Payroll	5	11518	VANTAGEPOINT TRANSFER AGENTS - 306798	100.00	Pay Cycle(s) 04/22/2021 To 04/22/2021 - ICMA
1194	04/22/2021	Payroll	5	11519	WA ST HEALTH CARE AUTHORITY	14,654.46	Pay Cycle(s) 04/22/2021 To 04/22/2021 - PEBB Medical; Pay Cycle(s) 04/22/2021 To 04/22/2021 - PEBB ADD LTD; Pay Cycle(s) 04/22/2021 To 04/22/2021 - PEBB SMK Surcharge; Pay Cycle(s) 04/22/2021 To 04/22
1195	04/22/2021	Payroll	5	11520	WA ST PUBLIC EMP RET PLAN 2	10,430.68	Pay Cycle(s) 04/22/2021 To 04/22/2021 - PERS 2
1196	04/22/2021	Payroll	5	11521	WA ST PUBLIC EMP RET PLAN 3	3,369.54	Pay Cycle(s) 04/22/2021 To 04/22/2021 - PERS 3
401 Water Fund						37,709.74	
402 Sewer Fund						13,432.10	

51,141.84 Payroll: 51,141.84

CHECK REGISTER

Lake Whatcom W-S District

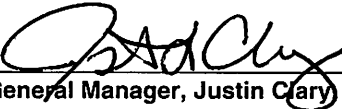
Time: 10:31:17 Date: 04/20/2021

04/22/2021 To: 04/22/2021

Page: 2

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
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I do hereby certify, under penalty of perjury, that the above is an unpaid, just, and due obligation as described herein, and that I am authorized to certify this claim.

Sign  Date 4/20/2021
General Manager, Justin Clary

Board Authorization - The duly elected board for this district has reviewed the claims listed and approved the payment by motion at the meeting listed below:

Board President, Laura Abele

Attest : _____
Recording Secretary, Rachael Hope

Approved by motion at _____ Regular _____ Special Board Meeting on _____
Date Approved



**AGENDA
BILL
Item 7.A**

**City of Bellingham Resource
Recovery Project Update
Presentation**

DATE SUBMITTED:	April 21, 2021	MEETING DATE:	April 28, 2021
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

The City of Bellingham owns and operates the Post Point Wastewater Treatment Plant, which receives and treats all of the District's wastewater through an interlocal agreement between the City and District. The solids handling process equipment (incinerators) at the facility are reaching the end of their useful lives and require replacement. Based upon the City's policy for climate action and community feedback on various replacement options, a digestion process with energy recovery has been identified as the preferred solution. Since the last presentation to the Board in early 2019, the City and its consultant have been proceeding with design, permitting, and cost estimating associated with this project (referred to as the Resource Recovery Project).

Also since the February 2019 presentation, the Washington State Department of Ecology announced the initiation of development of a Nutrient General Permit that will limit discharge of excess nutrients, particularly nitrogen, to the Puget Sound from domestic wastewater treatment plants. The Post Point WWTP will be regulated under the General Permit (in addition to an Individual Permit specific to the Post Point WWTP). While the specific discharge regulations remain unknown at this time, the City has begun preparation for what it anticipates the limits will be. As a result, the City has incorporated nitrogen removal processes into the solids handling plans, as well as begun planning for phased incorporation of additional nitrogen removal processes over a 20-year planning horizon. These measures have been incorporated into the Resource Recovery Project.

FISCAL IMPACT

No impacts will be incurred in the 2021 Budget. Based upon the interlocal agreement between the City and District for wastewater treatment, the District's share of any capital improvements to the Post Point WWTP will be 4.8% of the total costs.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

Product Quality
Financial Viability
Infrastructure Strategy and Performance
Community Sustainability

RECOMMENDED BOARD ACTION

No action is recommended.

PROPOSED MOTION

Not applicable.



**AGENDA
BILL
7.B**

**Resolution No. 873
Integration of Investment and
Fixed Asset Management Policies
into Administrative Code Title 2,
Fiscal Management Policies**

DATE SUBMITTED:	April 21, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS	FROM: Debi Denton, Finance Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Resolution No. 873		
TYPE OF ACTION REQUESTED	RESOLUTION <input checked="" type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

District Administrative Code Title 2, Fiscal Management Policies, defines the District's financial management structure and associated policies. Aside from Chapter 2.16, Purchasing Policy, it has been a number of years since the last comprehensive review of Title 2. The Investment Committee discussed over the past year a number of independent topics within the Fiscal Management Policies that the Board of Commissioners may wish to consider policy revision to. Work sessions were held on February 10 and March 10 to discuss proposed revisions to the Fiscal Management Policies. As an outcome of Board direction from those work sessions, staff is developing a series of resolutions for Board consideration, with each resolution comprised of groups of like-revisions to Title 2 for creating a trackable record of policy revision. Following is a summary of the proposed revisions, anticipated resolution number, and timeline for bringing forward for Board consideration:

Section	Revision Summary	Resolution	Tentative Date
2.4	Code cleanup specific to actual processes	870	4/14/2021
2.8	Payment plan clarification and extension		
2.10.2	Code cleanup		
2.10.3	Code cleanup specific to actual processes	874	4/28/2021
2.10.5	Voluntary billing suspension cap		
2.10.6	Voluntary billing suspension cap		
2.10.7	Code cleanup	870	4/14/2021
2.10.8	Water leak adjustment revisions & code cleanup		
2.10.9	Code cleanup		
2.11.1	Code cleanup		

2.13	Integrate investment policy	873	4/28/2021
2.15	Integrate fixed asset policy		
2.17.1	Property purchase w/o appraisal change	875	5/12/2021
2.18.2	Add contingency reserve policy	871	4/14/2021
2.19.1	Define debt service coverage ratio		
2.19.2	Define actions is credit rating drops & code cleanup		

*Resolution No. 872 is associated with conclusion of the Division 30 water transmission main emergency repair

Historically, the District's Investment Policy and Fixed Asset Policy have been maintained separate from the Administrative Code. Based upon Board direction during the February 10 and March 10 work sessions, the attached is Resolution No. 873, fully integrates those policies into the Administrative Code. There are no proposed changes to the Fixed Asset Policy, which was last revised by the Board via adoption of Resolution No. 855 during its regularly scheduled meeting held on February 27, 2019. Aside from clerical/readability revisions to the Investment Policy (last revised via adoption of Resolution No. 714 by the Board during its regularly scheduled meeting held on June 29, 2006), changes to the policy that were directed by the Board during its work sessions include:

- Incorporation of a glossary of terms (Section 2.13.1)
- Inclusion of general obligation bonds of a Washington State local government as an authorized and suitable investment (Section 2.13.6)
- Revision from a *two-year* to a *five-year* maximum maturity for investment in securities (Section 2.13.10)

FISCAL IMPACT

No fiscal impact is anticipated.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

Financial Viability

RECOMMENDED BOARD ACTION

Staff recommends that the Board adopt Resolution No. 873.

PROPOSED MOTION

A recommended motion is:

"I move to adopt Resolution No. 873 as presented."

**LAKE WHATCOM WATER AND SEWER DISTRICT
RESOLUTION NO. 873**

A Resolution of the Board of Commissioners
Incorporating the District's Investment and Fixed Asset Policies into
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 previously defined the District's Investment Policy via adoption of Resolution No. 714 during a regularly scheduled meeting held on June 29, 2006; and

WHEREAS, the District Board of Commissioners most recently revised the District's Fixed Asset Policy via adoption of Resolution No. 855 during a regularly scheduled meeting held on February 27, 2019; and

WHEREAS, neither the Investment Policy, nor the Fixed Asset Policy, are fully defined within the Administrative Code, but solely summarized in Sections 2.13 and 2.15, respectively, of Title 2 of the Code; and

WHEREAS, the District Board of Commissioners held work sessions reviewing Title 2 of the Administrative Code on February 10 and March 10, 2021, during which the Board directed staff to develop a resolution to fully incorporate the Investment and Fixed Asset policies into Title 2, including revisions to the Investment Policy as discussed during the work sessions; 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. Resolution No. 714 and Section 2.13, Investment of Excess Monies, of Title 2 of the District Administrative Code are repealed in their entirety and replaced with Section 2.13, as attached hereto as Exhibit A.

Section 2. Resolution No. 855 and Section 2.15, Fixed Assets, of Title 2 of the District Administrative Code are repealed in their entirety and replaced with Section 2.15, as attached hereto as Exhibit B.

Section 3. Any resolutions or parts of resolutions in conflict herewith are hereby repealed insofar as they conflict with the provisions of this Resolution.

Section 4. 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 5. 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 28th day of April, 2021.

Laura Abele, President, Board of Commissioners

Attest:

Rachael Hope, Recording Secretary

Approved as to form:

Robert Carmichael, Attorney for the District

EXHIBIT A

2.13 Investment of Excess District Monies

The purpose of this policy is to establish guidelines for the efficient and prudent management and investment of District funds. It is the policy of the District to invest public funds in a manner that provides the highest return with maximum security while meeting daily cash flow demands. All investments shall conform to all Washington State statutes governing the investment of public funds. This policy applies to all funds of the District.

2.13.1 Definitions

1. "Bankers Acceptance" is a draft or bill in exchange accepted by a bank or trust company.
2. "Broker" brings buyers and sellers together for a commission (fee paid by the initiator of the transaction or by both sides).
3. "Collateral" is securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan.
4. "Certificate of deposit" is a time deposit with a specific maturity evidenced by a certificate.
5. "Dealer," as opposed to a broker, acts as a principal in all transactions, buying and selling for their own account.
6. "Delivery versus Payment" is a delivery of securities with an exchange of money for the securities.
7. "Diversification" is the dividing of investment funds among a variety of securities offering independent returns.
8. "Federal Reserve System" is the central bank of the United States created by Congress.
9. "General obligation bonds" are bonds that a government pledges its full faith and credit to the repayment of.
10. "Investments" are securities or real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payments.
11. "Liquidity" refers to the degree to which an asset may be converted into cash without substantial loss of value.
12. "Market value" is the price at which a security is trading and could presumably be purchased or sold.
13. "Maturity" is the date upon which the principal or stated value of an investment becomes due and payable.
14. "Money market" is the market in which short-term debt instruments are issued.
15. "Portfolio" is a collection of securities held by an investor.
16. "Primary dealer" is a group of government securities dealers that submit daily reports of market activity and monthly financial statements to the Federal Reserve Bank.
17. "Rate of return" is the yield obtainable on a secured based on its purchase price or its current market value.

18. "Repurchase agreement" is an agreement between a holder of securities and an investor to repurchase the securities at a fixed price on a fixed date.
19. "Safekeeping" is a service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.
20. "Secondary market" is a market made for the purchase and sale of outstanding issues following initial distribution.
21. "Securities" are evidence of deposit or other property that a borrower pledges to secure repayment of a loan.
22. "Treasury bills" are non-interest bearing discount securities issued by the U.S. Treasury to finance national debt.
23. "Yield" is the rate of annual income return on an investment, expressed as a percentage.

2.13.2 Pooling of Funds

Except for cash in certain restricted and special funds, the District will consolidate and reserve balances from all funds to maximize investment earning and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

2.13.3 General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

2.13.3.1 Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. Credit Risk. The District will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the types of securities listed in Section 2.13.5.
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business in accordance with Section 2.13.4.
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any individual issuer will be minimized.
2. Interest Rate Risk. The District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
 - Structuring the investment portfolio so that securities mature to needed cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

2.13.3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature

concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools, which offer same day liquidity for short-term funds.

2.13.3.3 Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return of investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risks being assumed.

2.13.4 Standards of Care

2.13.4.1 Prudence

The standard of prudence to be used by investment officials shall be in accordance with Revised Code of Washington (RCW) 11.100.020 and shall be applied to the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The statute in part states that, "a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution."

2.13.4.2 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the General Manager any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual which whom business is conducted on behalf of the District.

2.13.4.3 Delegation of Authority

Authority to manage the District's investment program is derived from RCW 57.20.135 and District Resolution No. 712. Management responsibility for the investment program is hereby delegated to the Finance Manager/Treasurer who shall establish written procedures for the operation of the investment program consistent with this investment policy.

1. Investment Procedures. The procedures should include reference to safekeeping, delivery versus payment, investment accounting, repurchase agreements, custody agreements, and investment related banking services contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Manager/Treasurer. The Finance Manager/Treasurer shall be

responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

2.13.5 Authorized Financial Dealers and Institutions

The Finance Manager/Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved Security Brokers/Dealers selected by credit worthiness and who maintain an office in the State of Washington. These may include primary dealers or regional dealers that qualify under the U.S. Securities and Exchange Commission (SEC) Rule 15 C3-1 Uniform Net Capital Rule. No public deposit may be made except in a qualified depository in the State of Washington as provide in Chapter 39.58 RCW. All brokers/dealers and financial institutions who desire to do business with the District must supply the Finance Manager/Treasurer with annual audited financial statements, proof of National Association of Securities Dealers membership, and certification of having read the District's current audited financial statement. These items are required to be on file for each financial institution and broker/dealer with whom the District invests.

2.13.6 Authorized Suitable Investments

The District is empowered to invest in any of the securities as defined by RCW 39.59.020. In general, these include:

1. Investment deposits, including certificates of deposit, with qualified depositories as defined in Chapter 39.58 RCW.
2. Certificate notes of bonds of the United States, or other obligations of the United States, or its agencies, or any corporation owned by the government of the United States, such as the Government National Mortgage Association.
3. General obligation bonds of a Washington State local government, whose bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
4. Obligations of government sponsored corporations, which are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve System. These include, but are not limited to, federal home loans, bank notes and bonds, federal farm credit bank consolidation notes and bonds, Federal National Mortgage Association notes, and guaranteed certificates of participation.
5. Bankers acceptances purchased on the secondary market.
6. Repurchase agreements for securities listed above, provided that the transaction is structured so that the District obtains control over the underlying securities, and a master repurchase agreement has been signed with the bank or dealer.
7. Local Government Investment Pool.

2.13.7 Collateralization

Collateralization is required on repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one-hundred and two percent (102%) of market value of principal and accrued interest. Only securities authorized to be purchased by the District will be accepted as collateral.

Collateral will always be held by an independent third party with whom the District has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

2.13.8 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements entered into by the District, shall be conducted on a delivery versus payment basis. Securities purchased by the District will be delivered against payment and held in a custodial safekeeping account. Securities will be held by a third party custodian designated by the Finance Manager/Treasurer and safekeeping receipts will evidence all transactions.

2.13.9 Diversification

The District will diversify its investment by security type and institution. With the exception of the U.S. Treasury Securities and the State Investment Pool, no more than fifty percent (50%) of the District's total investment portfolio will be invested in a single security type or with a single financial institution, with the exception of the Local Government Investment Pool, which may from time to time contain over fifty percent (50%) due to maturity of investments.

2.13.10 Maximum Maturities

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. Unless matched with a specific cash flow, the District will not directly invest in securities maturing in more than five years from the date of purchase. However, the District may collateralize repurchase agreements using longer dated investments. Reserve or construction in progress funds may be invested in securities exceeding five years at maturity if such investments are made to coincide as nearly as practicable with the expected use of the fund.

2.13.11 Internal Controls

The Finance Manager/Treasurer shall establish an annual process of independent review by an external auditor. This review will ensure the policies and procedures are being complied with by providing internal control. Such review may also result in recommendation to change operating procedures to improve internal control.

2.13.11.1 Investment Committee

A committee shall be formed made up of two members of the Board of Commissioners, the Finance Manager/Treasurer, and the General Manager. This committee will work with the Finance Manager/Treasurer to oversee investments set forth in this policy. The committee shall at a minimum annually review the full policy and recommend any modification to the full Board.

2.13.12 Performance Standards

The District's investment portfolio will be designed to obtain a market average rate of return in budgetary and economic cycles, taking into account the District's investment risk constraints, investment objectives, and cash flow needs.

2.13.12.1 Market Yield

The District's investment strategy is passive. Given this strategy, the basis used by the Finance Manager/Treasurer to determine whether the market yields are being achieved shall be in the six-month U.S. Treasury bill and the average of Federal Reserve fund rates.

2.13.13 Reporting

The Finance Manager/Treasurer is charged with the responsibility of including a report on investment activity and returns in the District's quarterly reports. The reports will provide a clear picture of the status of the current investment portfolio, showing its performance in relation to established benchmarks and its compliance with the investment policy. [Resolution Nos. 712, 714, 873]

EXHIBIT B

2.15 Fixed Assets

The purpose of this policy is to ensure that all District-owned real and personal property is adequately protected and that its use is properly managed, particularly with respect to custody, insurance, maintenance, and planning.

The District operates on a cash basis and does not have capital assets and depreciation on the balance sheet. The District maintains an asset management system and is required to track assets per the Washington State Auditor's Office BARS Cash (Basis) Manual.

2.15.1 Definitions

1. "Fixed Asset" is any District-owned real and personal property that the District intends to use or keep for more than one year and exceeds the cost threshold amount of \$5,000.
2. "Attractive (theft-sensitive) Asset" is any portable, durable item valued at \$1,000 - \$4,999 that does not meet the minimum capitalization threshold, but requires special attention because of its potential to be stolen. Examples of these items include but are not limited to computers, printers, copiers, digital cameras, and DVD players; regardless of the initial acquisition cost. These objects are tagged and tracked by the District, but are not capitalized.
3. "Infrastructure" consists of water treatment plants, water transmission and distributions systems, and sewage collection and conveyance systems.
4. "Capitalize" means to formally record a fixed asset for depreciation purposes.
5. "Depreciate" means to expense the original acquisition value of a capitalized fixed asset over a specified time period.
6. "District Official" consists of any of the Board of Commissioners or staff.

2.15.2 Custody

All District officials are equally responsible for the care and proper use of District-owned property.

2.15.3 Marking

The District shall mark District-owned motor vehicles as prescribed in Revised Code of Washington (RCW) 46.08.065. The District shall mark, tag, or engrave all other fixed assets at the General Manager's discretion, and shall establish corresponding procedures.

The District identifies and monitors Attractive Assets (theft-sensitive) that cost less than the minimum capital asset cost threshold. These items are tagged and tracked by the District.

2.15.4 Annual Physical Inventory Plan

The District Finance Manager/Treasurer will coordinate a physical inventory of the Water and/or Sewer Department with the Operations Manager, and will coordinate inventory of the Administrative Office with the Assistant General Manager. Each department will be reviewed for both Fixed and Attractive Assets.

The Assistant General Manager has custody responsibility for the Administration Building and the Operations Manager has custody responsibility for all other locations. The physical inventory sheets will

be kept until the Washington State audit for both years is complete or according to the State of Washington records retention schedule, whichever is longer. The sheets will note the following information:

1. Assets have been physically located and verified.
2. Missing assets will be noted and explained.
3. Incorrect and/or incomplete information will be corrected.
4. Any new items located but not on the list will be added, with proper unique identifiers.
5. Condition of the asset will be noted (e.g., good/average/poor).
6. The inventory results will be presented by the Finance Manager during a Board meeting no later than the following year of the inventory.

2.15.5 Capitalization

The District shall capitalize the following categories of fixed assets:

1. Valued at more than \$5,000.00 at the time the District originally acquires the fixed asset.
2. Assets purchased with grant funds may have a different threshold amount as stipulated by the grant.

2.15.6 Original Acquisition Value Determination

The District shall determine the acquisition value of any given fixed asset in priority sequence as follows:

1. Vendor's invoiced cost to the District, including shipping and interest charges.
2. District Engineer's evaluation.

2.15.7 Useful Life Determination

The District Engineer shall determine the useful life of all infrastructure fixed assets, as well as all improvements to existing infrastructure fixed assets. The useful life of all other types of fixed assets shall be determined either by using standards United States Internal Revenue Service guidelines, or by the District-contract certified public accountant.

2.15.8 Acquisition

The Board shall approve the acquisition of fixed assets through the budget process.

2.15.9 Disposal

To dispose of a surplus asset, the Board must first declare a fixed or attractive asset surplus before it can be sold, or disposed of in any manner. An asset depreciation sheet will be given to the Finance Manager. If the asset is to be sold, it will then be sold in accordance with applicable state law. If the asset is no longer in working order the department manager, along with one other employee will properly dispose of the asset. A list of surplus assets will be forwarded to the Board for a motion to declare them surplus. The list of surplus assets will indicate the description of asset, value and proposed disposal method.

The Finance Manager shall remove the asset from the asset tracking system after Board approval.

2.15.10 Spare Parts, Raw Materials and Supplies

The District shall maintain stocks of spare parts, raw materials, and supplies at the minimum levels necessary to perform work safely, consistently, and reliably.

2.15.11 Adoption of Other Relevant Authority

The District hereby adopts the BARS Manual references noted above for additional guidance and procedures. [Resolution Nos. 742, 812, 855, 873]



**AGENDA
BILL
7.C**

**Resolution No. 874
Revision to Voluntary Billing
Suspension Policies in
Administrative Code Title 2,
Fiscal Management Policies**

DATE SUBMITTED:	April 21, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS	FROM: Debi Denton, Finance Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Resolution No. 874		
TYPE OF ACTION REQUESTED	RESOLUTION <input checked="" type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

District Administrative Code Title 2, Fiscal Management Policies, defines the District's financial management structure and associated policies. Aside from Chapter 2.16, Purchasing Policy, it has been a number of years since the last comprehensive review of Title 2. The Investment Committee discussed over the past year a number of independent topics within the Fiscal Management Policies that the Board of Commissioners may wish to consider policy revision to. Work sessions were held on February 10 and March 10 to discuss proposed revisions to the Fiscal Management Policies. As an outcome of Board direction from those work sessions, staff is developing a series of resolutions for Board consideration, with each resolution comprised of groups of like-revisions to Title 2 for creating a trackable record of policy revision. Following is a summary of the proposed revisions, anticipated resolution number, and timeline for bringing forward for Board consideration:

Section	Revision Summary	Resolution	Tentative Date
2.4	Code cleanup specific to actual processes	870	4/14/2021
2.8	Payment plan clarification and extension		
2.10.2	Code cleanup		
2.10.3	Code cleanup specific to actual processes	874	4/28/2021
2.10.5	Voluntary billing suspension cap		
2.10.6	Voluntary billing suspension cap		
2.10.7	Code cleanup	870	4/14/2021
2.10.8	Water leak adjustment revisions & code cleanup		
2.10.9	Code cleanup		
2.11.1	Code cleanup		

2.13	Integrate investment policy	873	4/28/2021
2.15	Integrate fixed asset policy		
2.17.1	Property purchase w/o appraisal change	875	5/12/2021
2.18.2	Add contingency reserve policy	871	4/14/2021
2.19.1	Define debt service coverage ratio		
2.19.2	Define actions is credit rating drops & code cleanup		

*Resolution No. 872 is associated with conclusion of the Division 30 water transmission main emergency repair

Historically, the District has provided a service to customers for voluntary temporary suspension of billing when that customer will be away from their home for an extended period of time (e.g., Canadian customers that reside in their homes for only part of the year, or those that travel south each winter). While the intent was to provide such relief, there are instances where connections have been under voluntary billing suspension for multiple consecutive years. Without any form of collection of rates to maintain the District's infrastructure in a manner that will allow for effective service once that connection resumes service, the remainder of the ratepayers are burdened with paying that connection's proportionate share. During its February 10 and March 10 work sessions, the Board discussed this topic, ultimately directing staff to prepare a resolution capping the consecutive number of months a connection may be under voluntary temporary billing suspension at four.

FISCAL IMPACT

The District is anticipated to incur a slight increase in annual revenues through capping of periods connections may be under voluntary billing suspension.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

Financial Viability

RECOMMENDED BOARD ACTION

Staff recommends that the Board adopt Resolution No. 874.

PROPOSED MOTION

A recommended motion is:

"I move to adopt Resolution No. 874 as presented."

**LAKE WHATCOM WATER AND SEWER DISTRICT
RESOLUTION NO. 874**

A Resolution of the Board of Commissioners
Amending Policies related to Voluntary Temporary Suspension of Billing
within Certain Sections of 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, Sections 2.10.5 and 2.10.6 of Title 2 of the District Administrative Code provide provisions for voluntary temporary suspension of water or sewer service billing for customers that will be away from their homes for extended periods of time; and

WHEREAS, there is no maximum period of time under which a connection may be under voluntary temporary billing suspension, which creates a burden upon the remainder of current ratepayers to finance that connection's proportionate share of the costs to maintain District infrastructure that would typically be covered by that connection's service bills; and

WHEREAS, the District Board of Commissioners wishes to maintain the voluntary temporary billing suspension program for its customers, but to also mitigate impacts to the District's ability to finance the maintenance of its infrastructure by placing a cap upon the timeframes under which a connection's services may be suspended; and

WHEREAS, the District Board of Commissioners has reviewed and determined it appropriate to revise existing Sections 2.10.5 and 2.10.6 of 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 those specific sections of 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. Sections 2.10.5 and 2.10.6 of Title 2 of the District Administrative Code are repealed and replaced with Sections 2.10.5 and 2.10.6 of 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 28th day of April, 2021.

Laura Abele, President, Board of Commissioners

Attest:

Rachael Hope, Recording Secretary

Approved as to form:

Robert Carmichael, Attorney for the District

EXHIBIT A

2.10.5 Voluntary Temporary Suspension of Water Services 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. No voluntary suspension of service may exceed four consecutive months, nor may a service be voluntarily suspended for more than four total months per calendar year. [Resolution Nos. 782, 861, 874]

2.10.6 Voluntary Temporary Suspension of Sewer Services 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. No voluntary suspension of service may exceed four consecutive months, nor may a service be voluntarily suspended for more than four total months per calendar year. [Resolution Nos. 709, 782, 861, 874]

EXHIBIT B

2.10.5 Voluntary Temporary Suspension of Water Services 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. No voluntary suspension of service may exceed four consecutive months, nor may a service be voluntarily suspended for more than four total months per calendar year. [Resolution Nos. 782, 861, 874]

2.10.6 Voluntary Temporary Suspension of Sewer Services 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. No voluntary suspension of service may exceed four consecutive months, nor may a service be voluntarily suspended for more than four total months per calendar year. [Resolution Nos. 709, 782, 861, 874]



**AGENDA
BILL
Item 9.A**

**General Manager's
Report**

DATE SUBMITTED:	April 21, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary, General Manager		
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, April 28, 2021 – 8:00 a.m.

Important Upcoming Dates

Lake Whatcom Water & Sewer District			
Regular Board Meeting	Wed May 12, 2021	6:30 p.m.	Remote Attendance
Employee Staff Meeting	Thu May 13, 2021	8:00 a.m.	Remote Attendance Commissioner Citron to attend
Investment Comm. Meeting	Wed Apr 28, 2021	10:00 a.m.	Remote Attendance
Safety Committee Meeting	Thu May 27, 2021	8:00 a.m.	Remote Attendance
Lake Whatcom Management Program			
Data Group Meeting	Thu May 13, 2021	9:00 a.m.	Remote Attendance
Policy Group Meeting	Wed Jun 2, 2021	3:00 p.m.	Remote Attendance
Joint Councils Meeting	March 2022	TBD	TBD
Other Meetings			
WASWD Section III Meeting	Tue May 11, 2021	7:00 p.m.	Remote Attendance
Whatcom Water Districts Caucus Meeting	Wed Apr 21, 2021	1:00 p.m.	Remote Attendance
Whatcom County Council of Governments Board Meeting	Wed May 12, 2021	3:00 p.m.	Remote Attendance

Committee Meeting Reports

Safety Committee:

- The committee met on April 22; discussion included status on the review/update to various safety programs, annual audiometric testing scheduled for June 2, rollout of the new electronic safety form software, findings of management inspections of site work.

Investment Committee:

- No committee meeting has been held since the last board meeting.

Upcoming Important Board Meeting Topics

- Resolution amending the low-cost property acquisition policy
- Accessory Dwelling Unit policy discussion
- Rate Study presentation

2021 Initiatives Status

Administration and Operations

Six-Year Business Plan

- Develop department-specific business plans that define staffing, facility, and equipment needs necessary to meet level-of-service standards over the six-year planning horizon.
The management team has initiated plan development taking into consideration the results of the Effective Utility Management self-assessment completed in 2020.

Rate Study

- Conduct a rate study for the water and sewer utilities for the six-year planning horizon, including funding strategies related to significant capital improvements anticipated during and beyond the planning horizon.
A contract for the rate study has been executed and work is proceeding; a presentation on progress is anticipated during the May 26 board meeting.

Investment Policy Review

- Conduct a comprehensive review of the District's investment policy aimed at optimizing return on investments while sufficiently protecting District funds.
The investment policy was discussed by the board during its February 10 work session. Revisions will be presented in a resolution for board consideration during its April 28 meeting.

Capital Improvement Program Support

- Support the Engineering Department through management of specific capital improvement project(s).
The general manager is managing the Eagleridge Water Booster-Metering Station Conversion project (District Project No. C2011).

Fill Anticipated Finance Manager Position Vacancy

- With the retirement of the District's Finance Manager anticipated in July 2021, engage in a recruitment and hiring process that allows for seamless transition of leadership in the Finance Department.
Advertisement for applications was issued on February 24, 2021; interviews of finalists are scheduled for April 28-29.

Negotiate Successor District-AFSCME Agreement

- With the current labor agreement scheduled to expire December 31, 2021, negotiate a successor agreement that aligns with District financial capacity and Board goals.
To be initiated summer 2021.

Emergency Response/System Security

America's Water Infrastructure Act-compliant Risk Management Program

- Conduct a USEPA-compliant risk and resilience assessment by June 30, 2021.
Sewer and water utility assessments are complete and were certified on February 8, 2021.
- Develop a USEPA-compliant emergency response plan by December 31, 2021.
Update to the District's emergency response plan is underway.

Community/Public Relations

General

- Website
The District's web content is reviewed and updated on a regular basis.
- Social Media
Posts are made to District Facebook and LinkedIn pages regularly; Nextdoor is regularly monitored for District-related posts.
- Press Releases
Press releases were issued on February 24 (public notification of daytime road closures assoc. with Division 30 water main repairs) and March 1 (EnviroStars certification).

Intergovernmental Relations

- *J Clary attended the virtual WASWD spring conference April 14-16, and the WASWD semi-annual business meeting and Section III meeting on April 16.*
- *J Clary and R Munson attended the Whatcom County Natural Hazards Mitigation Plan update coordination meeting on April 20.*
- *J Clary attended a Whatcom Water Alliance meeting to discuss water conservation data on April 21.*
- *J Clary attended the YWCA Bellingham speaker series event on April 22.*

Public Works Board

- *Pursue appointment as WASWD representative on the Washington State Public Works Board. Following board approval, J Clary submitted an application for appointment to the Public Works Board on February 11, 2021. J Clary has since been notified that he is a finalist for the appointment (now under consideration by Governor Inslee).*

Lake Whatcom Water Quality

Management Program

- *Participate in meetings of Lake Whatcom Management Program partners.*
J. Clary attended the interjurisdictional coordinating team meeting on April 15.


Onsite Septic System Conversion Program

- *Pursue connection of the one remaining septic-served parcel located within 200 feet of District sewer system identified in the memorandum to the Board dated April 9, 2020.*
To be initiated.



**AGENDA
BILL
Item 9.B**

**Engineering Department
Report**

DATE SUBMITTED:	April 21, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS		FROM: Bill Hunter, District Engineer	
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS		1. Engineering Department Report	
		2. Summary of District Projects	
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 regarding District projects and current priorities in advance of the Board meeting.

FISCAL IMPACT

None.

RECOMMENDED BOARD ACTION

None required.

PROPOSED MOTION

None.



Lake Whatcom Water & Sewer District Engineering Department Report

Prepared for the April 28, 2021 Board Meeting
Data Compiled 4/21/21 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	3910	68	44	2
Remaining Capacity (ERUs)	**	17	13	0
Permitted ERUs Under Construction	10	0	0	0
Pre-paid Connection Certificates & Expired Permit	14	0	5	0
Water Availabilities (trailing 12 months)	72	0	0	0
Subtotal - Commitments not yet connected	96	0	5	0
Available ERUs	**	17	8	0

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

Annual Reports		
Name Of Report	Deadline	Completed
Report Number of Sewer ERUs to City of Bellingham Prepared by: Bill	January 15	March 22, 2021
Other Reports		
Name Of Report	Deadline	Last Completed
Water Right Permit No. G1-22681 Development Extension	Due Every 5 Years Next Due Feb 15, 2023	
Water Right Permit No. S1-25121 Development Extension	Due Every 5 Years Next Due March 30, 2023	

Summary of District Projects

Report Prepared 4/21/2021

Project Number	Project Title / Tasks	Authorized Budget	Spent to Date	Amount Remaining	2021 Schedule											
					J	F	M	A	M	J	J	A	S	O	N	D
C 1802	Dellesta, Edgewater & Euclid Sewer Pump Stations	\$1,690,604	\$671,673	\$1,018,931												
C 1814	Agate Heights WTP and Opal Booster Upgrades	\$359,320	\$178,912	\$180,408												
C 1908	Fire Flow Improvements - Hydraulic Model Calibration	\$15,000	\$12,381	\$2,619												
C 1909	Little Strawberry Bridge Water Main Predesign & Estimate	\$20,000	\$0	\$20,000												
	SVWTP and AHWTP Misc Component Replacement															
C 1910	(Raw pH Probe, 4 Pump Control Valves, 2 Surge Valves, Spare Transfer Pump, AHWTP Finish Meter)	\$72,000	\$70,768	\$1,232												
C 1913	SVWTP 20-Year Facility Plan	\$159,710	\$95,200	\$64,510												
M 1917	Beaver & Flat Car PLC and UPS Improvements	\$118,191	\$66,095	\$52,096												
C 2003	Sewer System Rehab and Replacement Projects	\$116,640	\$124,884	\$8,244												
C 2006	SCADA Telemetry - Managed Ethernet Switches	\$20,000	\$2,785	\$17,215												
C 2007	Administrative Server Hardware	\$25,000	\$0	\$25,000												
C 2011	Convert Eagleridge Booster to Metering Station	\$30,000	\$22,603	\$7,397												
C 2012	Austin-Fremont PRV Rebuild	\$10,000	\$0	\$10,000												
C 2013	Geneva and Div 22 Res Impressed Current Cathodic Protection	\$40,000	\$42,315	\$2,315												
	SVWTP Misc Component Replacement															
C 2016	(CCB Fiberglass Ladder, Spare 300 Amp Breakers, Div 22 Finish Meter, Raw Meter, CCB Pressure Transmitter, Intake Anchorage Warning Signs)	\$40,000	\$14,559	\$25,441												
A 2021	AWIA Risk Assessment and Emergency Response Plans	\$10,000	\$0	\$10,000												
A 2025	Rate Study	\$30,000	\$14,760	\$15,240												
A 2101	General Engineering Services - 5 Year Contract															
C 2102	Annual Asphalt Patching	\$35,000														
C 2103	Centimeter Grade GPS with Real Time Corrections & Training	\$20,000														
C 2104	Exterior Receptacles for Block Heaters and Battery Chargers	\$10,000														
C 2105	HDPE Pipe Electro fusion Machine & Crew Training	\$11,000														
C 2106	SVWTP to SVPS Telemetry Comm Study, Testing	\$10,000														
C 2107	Camp Firwood Dead End Water Main Auto Flusher	\$5,000														
C 2108	SVWTP Raw Water Intake Piping Verify Alignment / Excavation	\$15,000														
C 2109	Geneva Res Insertavalve for Emergency Isolation	\$25,000														
C 2110	Divison 30 Booster PLC and UPS Improvements	\$60,000														
C 2111	Div 7 Reservoir Predesign, Esmts & Permitting	\$63,000														
C 2112	Rocky Ridge & Lakewood Predesign and Shoreline Permitting	\$140,000														
C 2113	Flat Car Reverse Flow to SVPS - Design & Permitting	\$50,000														
C 2114	LWBI CIPP, and I&I	\$115,000	\$439													
A 2115	Water Use Efficiency Goals Update															
A 2116	Commissioner District Boundary Census Update															
M 2117	Janitorial Services															

NOTATION LEGEND


A_____ Administrative Project
 C_____ Capital Project
 M_____ Maintenance Project
 _____ Sewer Project (Green Font)
 _____ Water Project (Blue Font)
 _____ Sewer and Water Project (Black Font)

p _____ Planned (labor not started)
 a _____ Active (labor underway)
 c _____ Completed (no further labor needed)
 t _____ Target Completion



**AGENDA
BILL
Item 9.C**

**Finance Department
Report**

DATE SUBMITTED:	April 22, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS	FROM: Debi Denton, Finance Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Q1 Financial Report		
	2.		
	3.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input checked="" type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

Updated information regarding District finances in advance of the Board meeting.

FISCAL IMPACT

None.

RECOMMENDED BOARD ACTION

None required.

PROPOSED MOTION

None.



Quarterly Financial Report First Quarter 2021

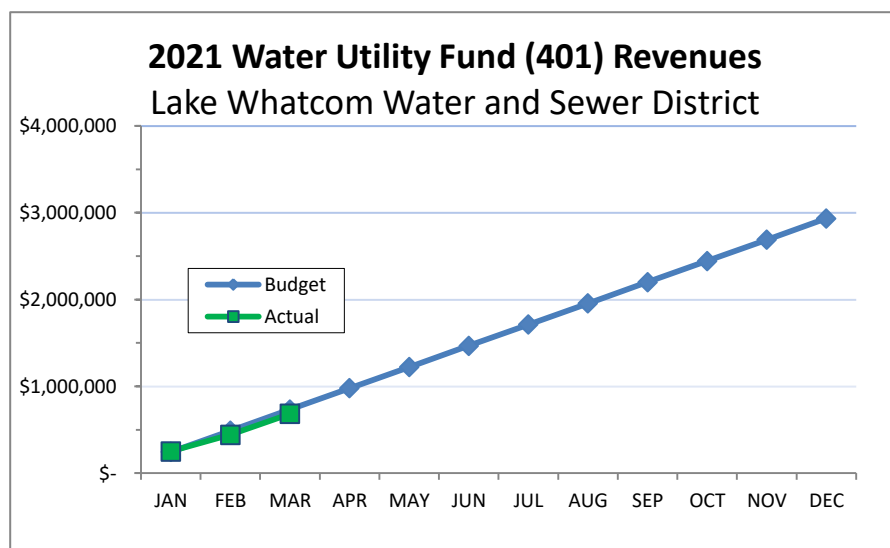
Lake Whatcom Water and Sewer District
Bellingham, Washington

Summary

Through the first quarter of 2021, revenues associated with the Lake Whatcom Water and Sewer District's (District) Water Utility Fund (Fund 401) and Sewer Utility Fund (Fund 402), which serve as the primary operational funds for the District's water and sewer utilities, respectively, largely followed financial projections reflected in the 2021 Budget. Similarly, expenditures of both funds lagged projections, which is consistent with prior years' expenditures and due to large capital project-related expenses not anticipated to be incurred until the summer construction season. The District did, however, incur a relatively large, unanticipated Water Utility project (approximately \$150,000) during the first quarter associated with emergency repairs to the Division 30 water transmission main whose costs will be realized in the second quarter. However, the majority of these costs will be addressed through a budget amendment utilizing the Fund's carryover balance from 2020. With the COVID-19 pandemic ongoing, it is also important to note that the District's revenues remain relatively unaffected by Governor Inslee's no shut-off order for utilities, with total bill arrearage for account 60 or more days past due at approximately \$43,000. With the current shut-off moratorium not set to expire until July 30, the arrearage balance is anticipated to continue to trend upward, but not to the point that it impacts the District's operational capabilities.

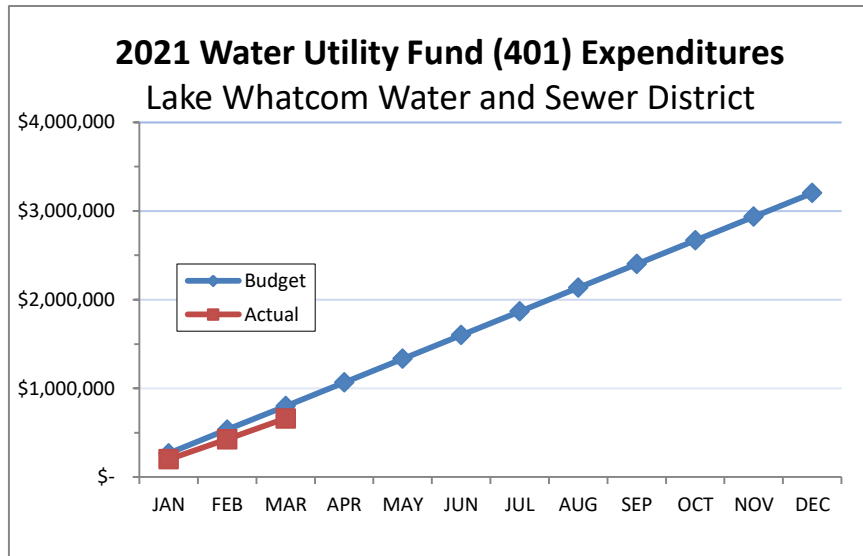
Water Utility Fund (Fund 401)

Through March 30, 2021, Water Utility Fund revenues were \$683,360, which are slightly less than revenues projected through the first quarter of the year in the 2021 Budget (\$733,329). This is consistent with prior years' revenues, which typically lag projections through the first half of each year, and then grow significantly during the



third quarter due to increased water sales (e.g., lawn watering during dry summer months). Though the District has observed an increase in customer accounts in arrearage since Governor Inslee's no shut-off order in response to the COVID-19 pandemic, the District has been fortunate relative to other utilities in that the overall impact to revenues has been minor (approximately \$43,000 arrearage in 60 or more days past due for both water and sewer utilities).

Water Utility Fund expenditures were approximately \$140,000 under first quarter budget projections (20.7% of the budget expended over the first quarter). This is consistent with prior years, where expenditures associated with large capital improvement projects are incurred during the Lake Whatcom land disturbance window (June 1 through September 30). That said, work on the Agate

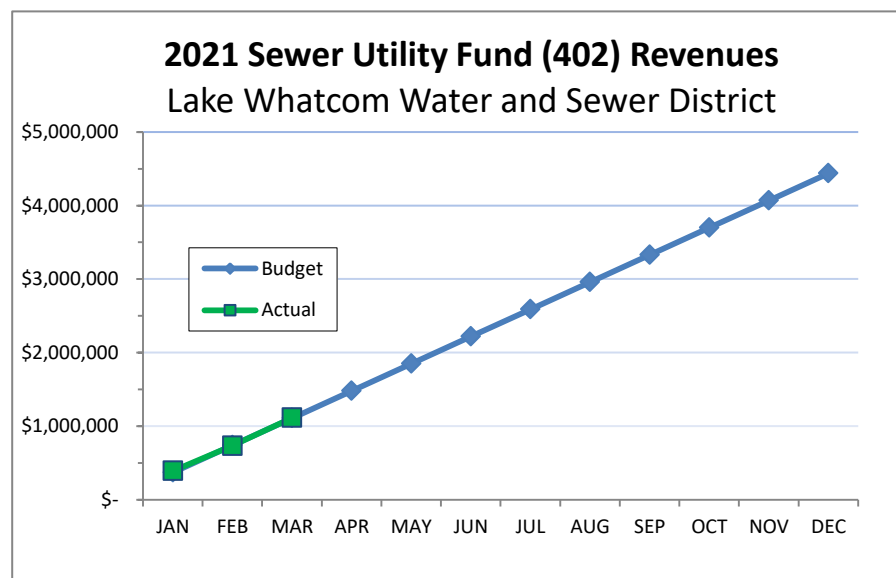


Heights water treatment plant replacement has begun, with the majority of project costs anticipated in the second quarter (ahead of the typical construction season). Also of note, the majority of costs (approximately \$150,000) incurred associated with the unbudgeted emergency repairs to the Division 30 water transmission main leak that occurred during

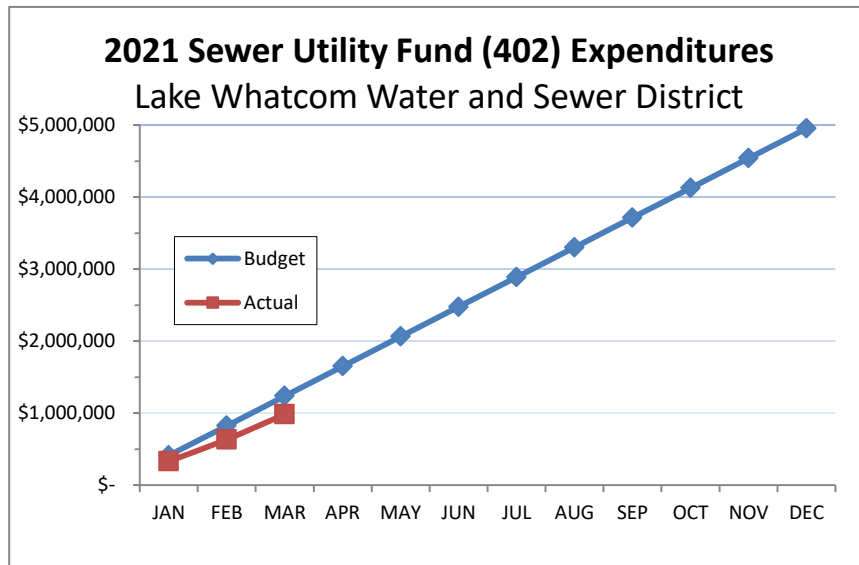
the reporting period are not reflected in the first quarter expenditures (costs will be reflected in the second quarter report when invoices were received). As a result, expenditures are anticipated to shift upward significantly in the second quarter, but remain within budget allocations (following a budget amendment in April to accommodate the emergency repairs).

Sewer Utility Fund (Fund 402)

Sewer Utility Fund revenues were consistent with projections during the first quarter of 2021 (within \$4,000 of the budgeted \$1,110,967). This is largely due to the District's uniform rate structure for sewer accounts, which allows for little variation in revenues throughout the year. As presented in the Water Utility Fund discussion above, sewer utility revenues remain relatively unaffected by the no shut-off order associated with the ongoing pandemic.



Sewer Utility Fund expenditures lagged behind projections during the first quarter (\$985,808 in actual expenditures relative to \$1,238,070 budgeted). As presented in the Water Utility Fund expenditures discussion above, Sewer Utility expenditures typically increase significantly during the summer months when expenses associated with large capital improvement projects are incurred. In

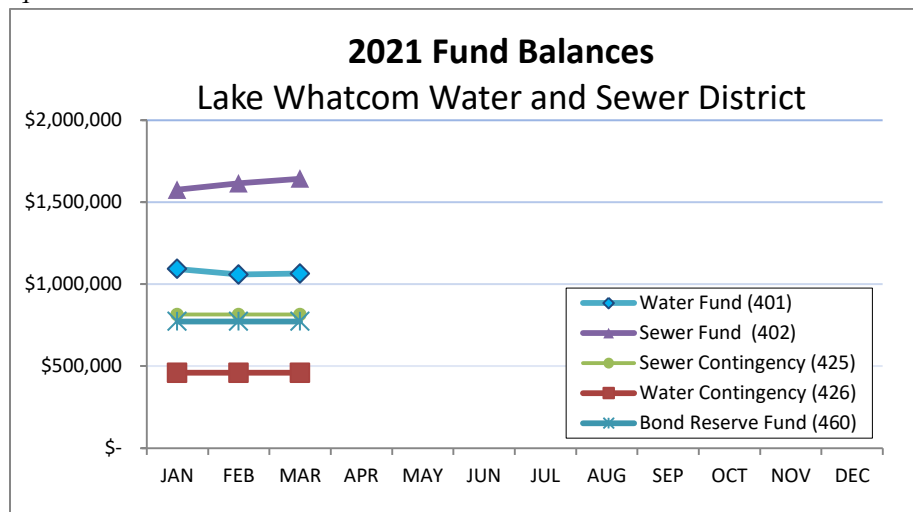


regards to day-to-day operational costs of the District (personnel salary and benefits, professional services, utilities, etc.), these costs exceeded budget projections by approximately \$75,000, the entirety of which can be attributed to a larger payment for sewage treatment to the city of Bellingham than was budgeted (\$302,318 expended verses \$187,500

budgeted). This budget exceedance is consistent with costs incurred during the first quarter of 2020, which can be attributed to the quarter in which the highest volume of inflow and infiltration (I&I) enters the sewer collection and conveyance system. As I&I impacts decrease through the remainder of the year, actual expenditures are anticipated to reflect budget projections (as occurred in 2020). That said, the significant costs to the District associated with I&I fiscally justify the District's ongoing sewer system rehabilitation efforts.

District Fund Balances

The District manages its monies within five primary funds: Water Utility Fund (401), Sewer Utility Fund (402), Sewer Contingency Reserve Fund (425), Water Contingency Reserve Fund (426), and Bond Reserve Fund (460). Of note, within the Water Utility and Sewer Utility funds are system reinvestment funds (i.e., funds dedicated to capital projects) and debt service funds associated with the respective utility. The following discussion summarizes the activity associated with each fund over the first quarter of 2021.



Water Utility Fund (Fund 401)

The Water Utility Fund, which serves as the primary operating fund for the District's water utility, derives most of its revenue from rates charged to water customers. Fund expenditures are comprised of general operating expenses (personnel salary and benefits, professional services, utilities, etc.), payments relative to debt service on past capital improvement projects, and expenditures on water system reinvestment-defined equipment and projects. Also managed within the Water Utility Fund are monies allocated towards an operating reserve, which is equal to the cost of operating the water utility for 90 days (\$540,000). The fund entered 2021 with a balance of \$1,092,494. Over the first quarter, fund revenues remained consistent with expenditures, with the March 30 balance being \$1,063,881. As discussed earlier, the overall fund balance is anticipated to drop during the second quarter as costs associated with the Agate Heights water treatment plant replacement project and the emergency repairs to the Division 30 water transmission main are incurred; however, the overall fund balance will remain in a positive position without need to draw on reserve funds.

Sewer Utility Fund (Fund 402)

Like the Water Utility Fund, the Sewer Utility Fund serves as the primary operating fund for the District's sewer utility. Revenues are comprised primarily of rates charged to sewer customers, and expenditures consist of general operating expenses (personnel salary and benefits, professional services, utilities, etc.), payments relative to debt service on past capital improvement projects, and expenditures on sewer system reinvestment-defined equipment and projects. Also managed within the fund are monies allocated towards an operating reserve, which is equal to the cost of operating the sewer utility for 60 days (\$430,000). The fund entered 2021 with a balance of \$1,575,051. Over the first quarter, fund revenues outpaced expenditures, resulting in a March 30 fund balance \$1,643,122. However, as the year progresses and capital projects are completed, the overall Sewer Utility Fund balance is expected to be drawn down by approximately \$500,000 (but remain in a positive cash position).

Sewer Contingency Reserve (Fund 425)

A sewer contingency reserve is maintained in accordance with District financial policies at one percent of the sewer utility infrastructure replacement cost (\$815,000). This fund provides for paying for unanticipated costs that may be incurred by the Sewer Utility. The Sewer Contingency Reserve was fully funded throughout the first quarter.

Water Contingency Reserve (Fund 426)

A water contingency reserve is maintained in accordance with District financial policies at one percent of the water utility infrastructure replacement cost (\$460,000). This fund provides for paying for unanticipated costs that may be incurred by the Water Utility. The Water Contingency Reserve was fully funded throughout the first quarter.

Bond Reserve Fund (Fund 460)

The District's Bond Reserve Fund is a restricted fund associated with covenants of the 2016 bond sale. It was fully funded at \$772,334 through the first quarter with no revenues or expenditures anticipated through yearend.

District Investments

In accordance with its financial policies, the District invests its funds in a manner that provides the highest return with maximum security while meeting daily cash flow demands. Attached is the Investment/Cash Summary as of March 30, 2021.



LAKE WHATCOM WATER AND SEWER

INVESTMENTS/CASH AS OF 3/31/2021

Petty Cash	\$ 1,600	
Cash	\$ 491,447	0.35%
Public Funds Account	\$ 1,002,800	0.10%

WA Federal	\$ 1,495,847	
 Local Gov't Investment Pool	 \$ 236,354	 0.11%

		PAR VALUE		YIELD
FHLMC - Pro Equity	Non-callable	\$ 969,734	Jan-22	0.06%
FHLB - Pro Equity	Callable	\$ 751,663	Apr-23	0.80%
FFCB - Pro Equity	Callable	\$ 799,999	Jan-24	0.19%
FANNIE MAE - Pro Equity	Callable	\$ 500,823	Jun-24	0.21%

US Bank Safekeeping		\$ 3,022,219		
 TOTAL		 \$ 4,754,420		


USE OF FUNDS:

Bond Reserve - Restricted	\$ 772,334
Contingency - Assigned	\$ 1,275,000
Operating - Unassigned	\$ 970,000
Unassigned	\$ 1,737,086
	 \$ 4,754,420



**AGENDA
BILL
Item 9.D**

**Operations Department
Report**

DATE SUBMITTED:	April 21, 2021	MEETING DATE:	April 28, 2021
TO: BOARD OF COMMISSIONERS	FROM: Brent Winters, Operations Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Operations Department Report		
	2. Status of District Water & Sewer Systems		
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 regarding District operations in advance of the Board meeting.

FISCAL IMPACT

None.

RECOMMENDED BOARD ACTION

None required.

PROPOSED MOTION

None.



Lake Whatcom Water & Sewer District Operations & Maintenance Department Report

Prepared for the April 28, 2021 Board Meeting
Data Compiled 4/21/21 by RH, BW, RM

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									
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									
Annual Reports														
Name Of Report	Deadline	Completed												
WA State Cross Connection Report Prepared by: Rich	May													
OSHA 300 Log Prepared by: Rich	February 1	February 18, 2021												
Water Use Efficiency Performance Report Prepared by: Kevin	July 1													
Community Right to Know (Hazardous Materials) Prepared by: Rich & Brent	March 31	February 28, 2021												
Consumer Confidence Reports Prepared by: Kevin	June 30	Geneva		SV		EagleR		Agate Ht						
Other Reports														
Name Of Report	Deadline	Last Completed												
CPR/First Aid Training Coordinated by: Rich	Due Biennially Next Due 2023	March 23, 2021												
Flagging Card Training Coordinated by: Rich	Due Triennially Next Due 2022	June 6, 2019												

Safety Program Summary			
Completed by Rich Munson & Brent Winters			
Summary of Annual Safety Training			
<i>2021 Testing Period - Jan 1, 2021 to May 1, 2021</i>			
	Enrollments	Completions	% Complete
Engineering - Managers	81	81	100%
Engineering - Staff	28	28	100%
Field Crew - Managers	43	43	100%
Field Crew - Staff	328	323	98%
Office - Staff	96	78	81%
Overall	576	553	96%

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

Dates of Completed Safety Committee Meetings						
1/28/2021						
2/23/2021						
3/25/2021						
4/22/2021						
Summary of Work-Related Injuries & Illnesses						
	Current Month	2021	2020	2019	2018	2017
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 • Significant injury or illness diagnosed by a licensed health care professional • Days away from work (off work) • Restricted work or job transfer	0	0	0	0	0	1
Total Number of Days of Job Transfer or Restriction (light duty or other medical restriction)	0	0	0	0	0	13
Total Number of Days Away from Work (at home, in hospital, not at work)	0	0	0	0	0	4
Near Misses	0	0	0	2	2	1
Safety Coordinator Update						

Status of District Water and Sewer Systems
Prepared by Brent Winters Operations and Maintenance Manager
4/28/2021 Board Meeting

Safety Activities	
<ol style="list-style-type: none"> Continuing social distancing of crew. Kevin Cook is reporting directly to the water plant, the rest of the crew is reporting directly to their assigned vehicle and then attending the morning briefing via "Go to Meeting." No time-loss injuries or near misses. Daily safety reminders directly relevant to the day's tasks. Jobsite tailgate meetings by project lead. 	
Water Utility Activities	
<i>Water Treatment Plants</i> <ol style="list-style-type: none"> Sudden Valley <ol style="list-style-type: none"> Plant is operating well, averaging 0.5 million gallons per day (MGD). Agate Heights <ol style="list-style-type: none"> Plant is under construction and operated manually. Kristin and Kevin are supervising the work. 	
<i>Distribution System</i> <ol style="list-style-type: none"> Worked with Miguel to locate and raise missing transmission main isolation valve on Par Lane. Relocated water service on Spinnaker. Began annual water main flushing in Sudden Valley area. 	
Sewer Utility Activities	
<i>Lift Stations</i> <ol style="list-style-type: none"> North Point lift station pump #2 is in the shop for repair. Pump #1 has been repaired and is working well. Rain For Rent pump has been installed as a backup should pump #1 fail. 	
<i>Collection System</i> <ol style="list-style-type: none"> Repaired improperly installed sewer lateral 22 Oakcrest Ct. Lowered manhole cover on Spring Rd. 	
Fleet	
<i>Vehicles</i> <ol style="list-style-type: none"> All vehicles are ready to go to work. New service truck has been delivered and placed into service. 	
<i>Equipment</i> <ol style="list-style-type: none"> All equipment is ready to go to work. 	
Facilities	
<i>Shop Building</i> <ol style="list-style-type: none"> Cleaned up storage area around reservoir at shop. Delivered scrap to recycling. 	
Development	
<ol style="list-style-type: none"> Inspector is actively working with eight (8) contractors making connection to our system. 	