



# Lake Whatcom Water & Sewer District Board Meeting Access Information

**Meeting** 6:30 pm - 2nd Wed of each month  
**Schedule** 8:00 am - Last Wed of each month

## Meeting Access

Meetings are held in person at our Administrative offices at 1220 Lakeway Drive in Bellingham. If you prefer to attend remotely, access information is below.

**Join the meeting from your computer, tablet smartphone:**

<https://meet.goto.com/lwwsd/boardmeeting>

**You can also dial in using your phone.**

**Call: +1 (224) 501-3412 Access Code: 596-307-141**

*Press \*6 to mute/unmute your microphone*

New to GoToMeeting? Get the app now and be ready when the meeting starts:

<https://meet.goto.com/install>

## Attending a Meeting

Lake Whatcom Water & Sewer District's regular Board meetings take place on the second Wednesday of each month at 6:30 pm and the last Wednesday of each month at 8:00 am.

Meetings are open to the public per the Open Public Meetings Act.

All meetings are hybrid, available in person or online. If you wish to observe a meeting, but do not plan to actively participate, you may attend anonymously. Turn off your mic & camera, and change your display name to "Observation Only."

## Public Comment Periods

Public comment periods are built in to the agenda, one near the beginning of the meeting and one near the end.

Commissioners will listen, but will not respond or engage in dialogue during the comment period. Direct questions or requests are noted by staff for follow-up.

For the sake of time, and to leave plenty of time for scheduled agenda items, public comments are limited to 3 minutes per person and 45 minutes per comment period.

Comments may be submitted at any time through mail, email, our online contact form, or by phone.

For more information about communicating with the Board of Commissioners, [please visit our website!](#)



## Questions?

If you have questions about attending an upcoming meeting, please contact Administrative Assistant Rachael Hope at [rachael.hope@lwwsd.org](mailto:rachael.hope@lwwsd.org) or 360-734-9224.



## LAKE WHATCOM WATER AND SEWER DISTRICT

1220 Lakeway Drive  
Bellingham, WA 98229

### REGULAR MEETING OF THE BOARD OF COMMISSIONERS

## AGENDA

*March 25, 2026*

8:00 a.m. – Regular Session

1. CALL TO ORDER
2. ROLL CALL
3. PUBLIC COMMENT OPPORTUNITY  
*At this time, members of the public may address the Board of Commissioners. Please state your name and address prior to making comments and limit your comments to three minutes. For the sake of time, each public comment period will be limited to 45 minutes.*
4. ADDITIONS, DELETIONS, OR CHANGES TO THE AGENDA
5. CONSENT AGENDA
6. SPECIFIC ITEMS OF BUSINESS
  - A. Interagency Agreement with Washington State Department of Enterprise Services for Energy Conservation Management Services
  - B. 2025 Financial Benchmarks Performance
  - C. American Public Works Association Accreditation Presentation
7. OTHER BUSINESS
8. STAFF REPORTS
  - A. General Manager
  - B. Engineering Department
  - C. Finance Department
  - D. Operations Department
9. PUBLIC COMMENT OPPORTUNITY
10. ADJOURNMENT



**AGENDA  
BILL  
Item 5**

**Consent Agenda**

DATE SUBMITTED:	March 19, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Rachael Hope		
GENERAL MANAGER APPROVAL	<i>Rachael Hope</i>		
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 03.24.2026\*\***

**BACKGROUND / EXPLANATION OF IMPACT**

- Minutes for the 03.11.26 Regular Board Meeting
- Payroll for Pay Period #06 (02.28.2026 through 03.13.2026) totaling \$57,366.48
- Benefits for Pay Period #06 totaling \$72,030.40
- 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 2025-2026 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.”



1220 Lakeway Dr • Bellingham, WA 98229

## REGULAR SESSION OF THE BOARD OF COMMISSIONERS

# Minutes

*March 11, 2026*

Board President Todd Citron called the Regular Session to order at 6:30 p.m.

**Attendees:** Commissioner Todd Citron (v) General Manager Justin Clary  
Commissioner John Carter (v) Finance Manager Jenny Signs  
Commissioner David Holland Engineering Manager Greg Nicoll  
Recording Secretary Rachael Hope

**Excused Absence:** Commissioner Jeff Knakal

One member of the public (v) was in attendance, in observation only. Attendees noted with a (v) attended the meeting virtually.

### Consent Agenda

#### Action Taken

**Carter moved, Holland seconded, approval of:**

- **Minutes for the 02.25.26 Regular Board Meeting**
- **Payroll for Pay Period #05 (02.14.2026 through 02.27.2026) totaling \$56,052.76**
- **Benefits for Pay Period #05 totaling \$62,680.52**
- **Accounts Payable Vouchers totaling \$201,133.27**

**Motion passed.**

### Interagency Agreement with Washington State Department of Enterprise Services for Energy Conservation Management Services

Clary explained that components of the District's mission statement, values, and goals include operation in a cost-efficient manner, in a way that protects the environment, and in a manner that uses our natural resources wisely. As a public agency, the District is eligible for a variety of grants that finance the implementation of improvements that increase facility operational energy savings.

During the January 28, 2026 board meeting, Apollo Solutions Group (Apollo) provided a presentation on energy savings performance contracts (ESPCs). Based upon board direction following the January 28 presentation, District staff have worked with the Washington State Department of Enterprise Services (DES) to proceed to the next step in the process—execution of an interagency agreement with DES for these services. Staff presented the DES interagency agreement for board consideration. Discussion followed, and the Board requested staff clarify one item within the contract and to bring it back for consideration at a future meeting.

**General Manager’s Report**

Clary updated the Board on several topics, including upcoming interviews for the open Commissioner District 3 position, extension of the filing period to June 1, 2027 for the Water Rights Inventory Area 1 adjudication, and a recent Washington Department of Health sanitary survey of the District’s South Shore system and Sudden Valley Water Treatment Plant. Discussion followed.

With no further business, Citron adjourned the regular session at 6:55 p.m.

\_\_\_\_\_  
Board President, Todd Citron

Attest: \_\_\_\_\_  
Recording Secretary, Rachael Hope

Minutes approved by motion at  Regular  Special Board Meeting on \_\_\_\_\_

# CHECK REGISTER

Lake Whatcom W-S District

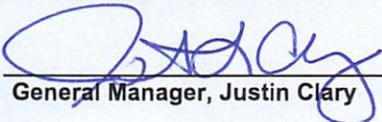
Time: 11:57:38 Date: 03/16/2026

03/19/2026 To: 03/19/2026

Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
<b>PAYROLL</b>							
760	03/19/2026	Payroll	5	EFT		584.95	02/28/2026 - 03/13/2026 PR06
761	03/19/2026	Payroll	5	EFT		438.72	02/28/2026 - 03/13/2026 PR06
762	03/19/2026	Payroll	5	EFT		4,129.01	02/28/2026 - 03/13/2026 PR06
763	03/19/2026	Payroll	5	EFT		3,687.72	02/28/2026 - 03/13/2026 PR06
764	03/19/2026	Payroll	5	EFT		4,307.14	02/28/2026 - 03/13/2026 PR06
765	03/19/2026	Payroll	5	EFT		2,071.78	02/28/2026 - 03/13/2026 PR06
767	03/19/2026	Payroll	5	EFT		2,205.47	02/28/2026 - 03/13/2026 PR06
768	03/19/2026	Payroll	5	EFT		2,567.25	02/28/2026 - 03/13/2026 PR06
769	03/19/2026	Payroll	5	EFT		441.52	02/28/2026 - 03/13/2026 PR06
770	03/19/2026	Payroll	5	EFT		2,691.84	02/28/2026 - 03/13/2026 PR06
771	03/19/2026	Payroll	5	EFT		4,520.49	02/28/2026 - 03/13/2026 PR06
772	03/19/2026	Payroll	5	EFT		438.72	02/28/2026 - 03/13/2026 PR06
773	03/19/2026	Payroll	5	EFT		3,122.42	02/28/2026 - 03/13/2026 PR06
774	03/19/2026	Payroll	5	EFT		3,004.96	02/28/2026 - 03/13/2026 PR06
775	03/19/2026	Payroll	5	EFT		3,092.59	02/28/2026 - 03/13/2026 PR06
776	03/19/2026	Payroll	5	EFT		2,306.30	02/28/2026 - 03/13/2026 PR06
777	03/19/2026	Payroll	5	EFT		1,953.31	02/28/2026 - 03/13/2026 PR06
778	03/19/2026	Payroll	5	EFT		1,788.19	02/28/2026 - 03/13/2026 PR06
779	03/19/2026	Payroll	5	EFT		5,139.25	02/28/2026 - 03/13/2026 PR06
780	03/19/2026	Payroll	5	EFT		3,795.73	02/28/2026 - 03/13/2026 PR06
781	03/19/2026	Payroll	5	EFT		3,171.37	02/28/2026 - 03/13/2026 PR06
766	03/19/2026	Payroll	5	17338		1,907.75	02/28/2026 - 03/13/2026 PR06
						10,508.76	
						46,857.72	
						57,366.48	Payroll: 57,366.48

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 03.16.2026  
 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, Todd Citron

Attest : \_\_\_\_\_  
 Recording Secretary, Rachael Hope

Approved by motion at \_\_\_\_\_ Regular \_\_\_\_\_ Special Board Meeting on \_\_\_\_\_  
 Date Approved

# CHECK REGISTER

Lake Whatcom W-S District

Time: 12:22:56 Date: 03/16/2026

03/19/2026 To: 03/19/2026

Page: 1

# BENEFITS

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
782	03/19/2026	Payroll	5	EFT	DEPARTMENT OF RETIREMENT SYSTEMS	7,911.50	Pay Cycle(s) 03/19/2026 To 03/19/2026 - DCP; Pay Cycle(s) 03/19/2026 To 03/19/2026 - ROTH DCP
783	03/19/2026	Payroll	5	EFT	UNITED STATES TREASURY	20,941.72	941 Deposit for Pay Cycle(s) 03/19/2026 - 03/19/2026
784	03/19/2026	Payroll	5	EFT	WA ST PUBLIC EMP RET PLAN 2	7,003.42	Pay Cycle(s) 03/19/2026 To 03/19/2026 - PERS 2
785	03/19/2026	Payroll	5	EFT	WA ST PUBLIC EMP RET PLAN 3	2,957.17	Pay Cycle(s) 03/19/2026 To 03/19/2026 - PERS 3
786	03/19/2026	Payroll	5	EFT	WA ST SUPPORT ENFORCEMENT REGISTERY	888.77	Pay Cycle(s) 03/19/2026 To 03/19/2026 - SUP ENF
787	03/19/2026	Payroll	5	17339	AFLAC	296.36	Pay Cycle(s) 03/19/2026 To 03/19/2026 - AFLAC PRE-TAX; Pay Cycle(s) 03/19/2026 To 03/19/2026 - AFLAC POST-TAX
788	03/19/2026	Payroll	5	17340	AFSCME LOCAL	360.50	Pay Cycle(s) 03/19/2026 To 03/19/2026 - UNION DUES; Pay Cycle(s) 03/19/2026 To 03/19/2026 - UNION FUND
789	03/19/2026	Payroll	5	17341	HRA VEBA TRUST (PAYEE)	11,805.96	Pay Cycle(s) 03/19/2026 To 03/19/2026 - VEBA
790	03/19/2026	Payroll	5	17342	WA ST HEALTH CARE AUTHORITY	19,865.00	Pay Cycle(s) 03/19/2026 To 03/19/2026 - PEBB MEDICAL; Pay Cycle(s) 03/19/2026 To 03/19/2026 - PEBB ADD LTD
						56,950.76	
						15,079.64	
						72,030.40	Payroll: 72,030.40

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 03.16.2026  
 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, Todd Citron

Attest : \_\_\_\_\_  
 Recording Secretary, Rachael Hope

Approved by motion at \_\_\_\_\_ Regular \_\_\_\_\_ Special Board Meeting on \_\_\_\_\_  
Date Approved



**AGENDA  
BILL  
Item 6.A**

**Washington State Department  
of Enterprise Services  
Interagency Agreement for  
Energy Management Services**

DATE SUBMITTED:	March 12, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary, General Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Washington State Department of Enterprise Services Interagency Agreement No. K10380 2. Email from DES dated March 12, 2026		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input checked="" type="checkbox"/>	INFORMATIONAL /OTHER <input type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

Components of the District’s mission statement, values, and goals include operation in a *cost-efficient manner*, in a way that *protects the environment*, and in a manner that *uses our natural resources wisely*. As a public agency, the District is eligible for a variety of grants that finance the implementation of improvements that increase facility operational energy savings (e.g., a few years ago, the District received rebates for conversion of lighting at the administrative building, operations facility, and Sudden Valley water treatment plant to LED bulbs).

During the January 28, 2026, regularly scheduled board meeting, Apollo Solutions Group (Apollo) provided a presentation on energy savings performance contracts (ESPCs). Washington local governments may use the services of an approved energy services company (ESCO) by executing an interagency agreement with the Washington State Department of Enterprise Services (DES). Apollo is a DES-approved ESCO that provides energy audit and energy savings implementation services. Once an interagency agreement with DES is executed, the ESCO then conducts an energy audit of the local government’s facilities that identifies opportunities to improve energy efficiency. Based upon the energy audit findings, the ESCO assists the local government in securing grants to implement recommended improvements, and completes the improvements. Based upon board direction following the January 28 presentation, District staff have worked with DES to proceed to the next step in the process—execution of an interagency agreement with DES for these services. Attached is the DES interagency agreement for board consideration.

The Board considered the interagency agreement during its March 11 meeting; however, there was a desire to better understand the sequencing of cost effectiveness

criteria definition relative to project initiation as it relates to termination fees defined in Appendix B of the agreement. DES staff provided additional information to address this concern (see attached March 12 email).

**FISCAL IMPACT**

Capital cost and operational cost savings will be dependent upon grants secured and energy saving measures implemented.

**APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)**

Operational Optimization  
Community Sustainability

**RECOMMENDED BOARD ACTION**

Staff recommends the board approve the interagency agreement with the Washington State Department of Enterprise Services.

**PROPOSED MOTION**

A recommended motion is:

“I move to authorize the general manager to executed Interagency Agreement No. K10380 with the Washington State Department of Enterprise Services, as presented.”



**STATE OF WASHINGTON**  
**DEPARTMENT OF ENTERPRISE SERVICES**

*1500 Jefferson St. SE, Olympia, WA 98501  
 PO Box 41476, Olympia, WA 98504-1476*

State of Washington <b>ENERGY PROGRAM</b> Department of Enterprise Services P.O. Box 41476 Olympia, WA 98504-1476	<b>INTERAGENCY AGREEMENT</b>	
	IAA No.:	K10380
<b>Lake Whatcom Water &amp; Sewer District</b> 1220 Lakeway Dr. Bellingham, WA 98229	Date:	February 26, 2026

**INTERAGENCY AGREEMENT**  
**BETWEEN**  
**LAKE WHATCOM WATER & SEWER DISTRICT**  
**AND**  
**WASHINGTON STATE DEPARTMENT OF ENTERPRISE SERVICES**

Pursuant to RCW chapter 39.34 and RCW chapter 39.35C, this *Interagency Agreement (Agreement)* is made and entered into by and between the State of Washington acting by and through the Energy Program of the Department of Enterprise Services, a Washington State governmental agency (“Enterprise Services”) and Lake Whatcom Water & Sewer District, a Washington State governmental agency (“Client Agency”) and is dated and effective as of the date of the last signature.

**RECITALS**

- A. Enterprise Services, through its Energy Program (“Energy Program”), helps owners of public facilities reduce energy and operational costs. The Energy Program is a national leader in developing and managing energy savings performance contracts that help reduce energy and operational costs in publicly-owned facilities.
- B. Upgrading to energy efficient infrastructure helps reduce long-term operations and maintenance costs. This allows owners to be better financial stewards while achieving their mission, so that Washington is a better place to live, learn, and work.
- C. Acting as the owner’s advocate, the Energy Program delivers professional expertise and contract management services. By leveraging capital investments, owners can achieve efficiencies, improve facilities, and reduce carbon emissions in their publicly-owned facilities. Energy Program also creates value to owners by managing risk through guaranteed total project costs, equipment performance, and energy savings.
- D. Client Agency, an owner of a public facility, desires to contract with Energy Program to access and obtain certain Energy Program Services.
- E. The purpose of this *Agreement* is to establish a vehicle for Energy Program to provide future energy/utility conservation project management services to Client Agency and to authorize the development of the energy services proposal in a cost-effective, efficient manner.

## AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. **TERM.** The term of this *Agreement* commences on the date of the last signature and ends **December 31, 2030**.
2. **STATEMENT OF WORK.**
  - A. **ENERGY PROGRAM.** Energy Program agrees to provide the following Services:
    - i. Upon request by Client Agency for energy services for a specific Energy/Utility Conservation Project(s), the Parties shall execute an amendment to this *Agreement* to specify the project and associated project management fees as set forth by Attachment B. Enterprise Services shall furnish necessary personnel and services as specified and set forth in Attachment A, *Project Management Services Scope of Work*.
    - ii. Assist in Dispute Resolution. Dispute resolution is an ongoing process throughout the project. However, this assistance does not include formal dispute resolution, arbitration or legal advice or representation in any legal action, and does not include legal fees and costs related to any dispute. Formal dispute resolution begins when a written claim is received demanding arbitration or other legal process is received. All formal dispute fees and costs will be borne separately by Client Agency. The Attorney General cannot and will not represent or advise a non-state agency.
  - B. **CLIENT AGENCY.** Client Agency agrees to the following:
    - i. Will conform to the protocols of this *Agreement*, including Enterprise Services' *General Conditions for Washington State Energy Savings Performance Contracting ("General Conditions")*, and as supplemented.
    - ii. Will conform to the requirements of the *General Conditions* for timely processing and approval of agreed upon changes to construction contracts involving cost, and for payment.
    - iii. Will conform to the following guidelines for communications between Client Agency, Enterprise Services and ESCOs (Energy Services Company) through the design, construction and post-construction phases as outlined below:
      - a) Communications between Client Agency, Energy Program Project Manager ("PM") and ESCO shall go through the PM. The PM may authorize exceptions for specific projects or situations. The PM may authorize the ESCO to communicate directly with Client Agency personnel to expedite the design and to avoid communication delays. This action does not authorize additional work, change in scope, or exclude copying all communications between ESCO and Client Agency to the PM.
      - b) All drawings, specifications, reports, and project correspondence must contain the State Project Number and suffix.
        - The State Project Number consists of the fiscal year and a numerical sequence number, for example 2018-024, followed by an alphabetical suffix.



- Professional services agreements have suffixes A through F, for example 2018-024 A.
  - Construction contracts have suffixes G through Z, for example 2018-024 G.
- iv. All identification and monitoring of documentation required by the funding source shall remain the responsibility of Client Agency.

### 3. COMPENSATION AND REQUIREMENTS.

- A. COMPENSATION. Compensation under this *Agreement* shall be by amendment to this *Agreement* for each authorized project. Each amendment shall include a payment schedule for the specific project.
- i. Project Management Services Scope of Work (Attachment A): For project management services provided by Energy Program, Client Agency shall pay Enterprise Services a Project Management Fee for services based on the total project value (including Washington state sales tax) per the Project Management Fee Schedule set forth in Attachment B.
  - ii. Termination Fee: If Client Agency, after authorizing an investment grade audit and energy services proposal, decides not to proceed with an energy/utility conservation project that meets Client Agency's cost effective criteria, then the Client Agency will be charged a termination fee as set forth in Project Management Fee Schedule. The termination fee shall be based on the estimated total project value outlined in the energy services proposal prepared by the ESCO as set forth in Attachment B.
  - iii. Measurement & Verification Services ("M&V") Scope of Work (Attachment C): If M&V are requested by Client Agency beyond the first three years following the notice of commencement of energy cost savings, Client Agency shall pay Enterprise Services \$2,000.00 annually for each year that such M&V are provided.
- B. PAYMENT FOR ESCO SERVICES. In the event that Client Agency enters into a contract with an Energy Program pre-qualified ESCO, pursuant to an *Enterprise Services Main Energy Services Agreement for ESCO Services*, Client Agency shall make payment for such contracted services directly to the ESCO, after Energy Program has reviewed and sent such invoices to Client Agency for payment.
- C. FURTHER ASSURANCES. Client Agency shall provide the ESCO with any additional necessary or desired contract language to comply with Client Agency's obligations pertaining to its use of federal, state, or other grants, funding restrictions, or unique contract/entity requirements. The ESCO and their subcontractors are required to comply with all applicable federal regulations and reporting procedures.
- D. MANAGING COMPLIANCE WITH STATE AND FEDERAL LAW. In all ESCO project agreements and contracts pertaining to this *Agreement*, Energy Program will require ESCO's compliance with applicable federal and state laws and state policies including, but not limited to, the following:
- 1. RCW Title 39 and 43
  - 2. ADA Requirements
  - 3. Buy America
  - 4. Davis-Bacon
  - 5. Prevailing Wage
  - 6. DBE Participation
  - 7. Apprentice Participation

Upon request by Client Agency, Energy Program will collect and provide the weekly-certified payroll to Client Agency. Client Agency, however, shall remain responsible for any documentation required by Client Agency's funding source. All federal verification, investigation, survey, reporting and enforcement requirements when there is a possible violation shall remain the responsibility of the federal grant recipient (Client Agency) unless negotiated by Energy Program and added by amendment to this *Agreement*. In the event that Energy Program becomes aware of a possible violation, it will notify Client Agency.

**4. INVOICES AND BILLING.**

- A. **BILLING PROCEDURE.** Enterprise Services shall submit invoices to Client Agency upon substantial completion and notice of commencement of energy cost savings of each authorized project, unless an amendment specifies special billing conditions and timeline. Substantial completion of the project will include the delivery and acceptance of the notice of commencement of energy cost savings issued by the ESCO. Each invoice will clearly indicate that it is for the services rendered in performance under this *Agreement* and shall reflect this *Agreement* and Amendment number. Energy Program will invoice for any provided services within sixty (60) days of the expiration or termination of this *Agreement*.
- B. **PAYMENT PROCEDURE.** Client Agency shall pay all invoices received from Enterprise Services within thirty (30) days of receipt of properly executed invoice vouchers.
- C. **BILLING DETAIL.** Each invoice submitted to Client Agency by Enterprise Services shall include information as is necessary for Client Agency to determine the exact nature of all expenditures. At a minimum, the invoice shall reference this *Agreement* and include the following:
- Amendment number and project
  - The date(s) such services were provided
  - Brief description of the services provided
  - Total invoice amount
- D. **BILLING ADDRESS.** Invoices shall be delivered to Client Agency electronically to:

Email: [justin.clary@lwwsd.org](mailto:justin.clary@lwwsd.org)

5. **AGREEMENT MANAGEMENT.** The parties hereby designate the following *Agreement* administrators as the respective single points of contact for purposes of this *Agreement*, each of whom shall be the principal contact for business activities under this *Agreement*. The parties may change administrators by written notice as set forth below. Any notices required or desired shall be in writing and sent by U.S. mail, postage prepaid, or sent via email, and shall be sent to the respective addressee at the respective address or email address set forth below or to such other address or email address as the parties may specify in writing:

**Enterprise Services**  
Attn: Novella Randall  
Energy Project Manager  
Energy Program  
Washington Dept. of Enterprise Services  
PO Box 41476  
Olympia, WA 98504-1476  
Tel: (360) 790-3667  
Email: [novella.randall@des.wa.gov](mailto:novella.randall@des.wa.gov)

**Client Agency**  
Attn: Justin Clary  
General Manager  
Lake Whatcom Water & Sewer District  
1220 Lakeway Dr.  
Bellingham, WA 98229  
Tel: (360) 734-9224  
Email: [justin.clary@lwwsd.org](mailto:justin.clary@lwwsd.org)

Notices shall be deemed effective upon the earlier of receipt, if mailed, or, if emailed, upon transmission to the designated email address of said addressee.

The Client Agency representative shall be responsible for working with Energy Program, approving billings and expenses submitted by Energy Program, and accepting any reports from Energy Program or ESCO.

The Energy Program representative shall be the contact person for all communications regarding the conduct of work under this *Agreement*.

**6. RECORDS.**

- A. **AGREEMENT AVAILABILITY.** Prior to its entry into force, this *Agreement* shall be posted on the parties' websites or other electronically retrievable public source as required by RCW 39.34.040.
- B. **RECORDS RETENTION.** Each party shall maintain records and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance and payment of the services. These records shall be subject to inspection, review, or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and officials authorized by law. Such records shall be retained for a period of six (6) years following expiration or termination of this *Agreement* or final payment for any service placed against this *Agreement*, whichever is later; Provided, however, that if any litigation, claim, or audit is commenced prior to the expiration of this period, such period shall extend until all such litigation, claims, or audits have been resolved.
- C. **OWNERSHIP.** Records and other information, in any medium, furnished by one party to this *Agreement* to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third party without first providing notice to the other party and allowing ten (10) business days in which to file, at its sole expense, a motion seeking a protective order, or other legal action. Each party will utilize reasonable security procedures and protections to assure that records and information provided by the other party are not erroneously disclosed to third parties.
- D. **PUBLIC RECORDS.** This *Agreement* and all related records are subject to public disclosure as required by RCW 42.56, the Public Records Act (PRA).

**7. RESPONSIBILITY OF THE PARTIES.** Each party to this *Agreement* assumes responsibility for claims and/or damages to persons and/or property resulting from any act or omission on the part of itself, its employees, or its agents. Neither party assumes any responsibility to the other party for any third party claims.

**8. DISPUTE RESOLUTION.** The parties shall use their best, good faith efforts cooperatively and collaboratively to resolve any dispute that may arise in connection with this *Agreement* as efficiently as practicable, and at the lowest possible level with authority to resolve such dispute. The parties shall make a good faith effort to continue without delay to carry out their respective responsibilities under this *Agreement* while attempting to resolve any such dispute. If, however, a dispute persists regarding this *Agreement* and cannot be resolved, it may be escalated within each organization. In such situation, upon notice by either party, each party, within five (5) business days shall produce its description of the dispute in writing and deliver it to the other party. The receiving party then shall have three (3) business days to review and respond in writing. In the event that the parties cannot then agree on a resolution of the dispute, the parties shall schedule a conference between the respective senior managers of each organization to attempt to resolve the dispute. In the event the parties cannot agree on a mutual resolution within fifteen (15) business days, the parties shall abide

by the Governor's dispute resolution process (RCW 43.17.330), if applicable, or collectively shall appoint a third party to evaluate and resolve the dispute and such dispute resolution shall be final and binding on the parties.

9. **TERMINATION FOR CONVENIENCE.** Except as otherwise provided in this *Agreement*, either party may terminate this *Agreement* upon thirty (30) calendar days prior written notification. Upon such termination, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this *Agreement* prior to the effective date of such termination.

10. **GENERAL PROVISIONS.**

- A. **COMPLIANCE WITH LAW.** The Parties shall comply with all applicable law.
- B. **INTEGRATED AGREEMENT.** This *Agreement* constitutes the entire agreement and understanding of the parties with respect to the subject matter and supersedes all prior negotiations, representations, and understandings between them. There are no representations or understandings of any kind not set forth herein.
- C. **AMENDMENT OR MODIFICATION.** Except as set forth herein, this *Agreement* may not be amended or modified except in writing and signed by a duly authorized representative of each party.
- D. **AUTHORITY.** Each party to this *Agreement*, and each individual signing on behalf of each party, hereby represents and warrants to the other that it has full power and authority to enter into this *Agreement* and that its execution, delivery, and performance of this *Agreement* has been fully authorized and approved, and that no further approvals or consents are required to bind such party.
- E. **NO AGENCY.** The parties agree that no agency, partnership, or joint venture of any kind shall be or is intended to be created by or under this *Agreement*. Neither party is an agent of the other party nor authorized to obligate it.
- F. **GOVERNING LAW.** The validity, construction, performance, and enforcement of this *Agreement* shall be governed by and construed in accordance with the laws of the State of Washington, without regard to its choice of law rules.
- G. **JURISDICTION & VENUE.** In the event that any action is brought to enforce any provision of this *Agreement*, the parties agree to exclusive jurisdiction in Thurston County Superior Court for the State of Washington and agree that in any such action venue shall lie exclusively at Olympia, Washington.
- H. **EXHIBITS.** All exhibits referred to herein are deemed to be incorporated in this *Agreement* in their entirety.
- I. **CAPTIONS & HEADINGS.** The captions and headings in this *Agreement* are for convenience only and are not intended to, and shall not be construed to, limit, enlarge, or affect the scope or intent of this *Agreement* nor the meaning of any provisions hereof.
- J. **ELECTRONIC SIGNATURES.** A signed copy of this *Agreement* or any other ancillary agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this *Agreement* or such other ancillary agreement for all purposes.

K. COUNTERPARTS. This *Agreement* may be executed in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute the same instrument which may be sufficiently evidenced by one counterpart. Execution of this *Agreement* at different times and places by the parties shall not affect the validity thereof so long as all the parties hereto execute a counterpart of this *Agreement*.

**11. CIVIL RIGHTS.** Contractor represents and warrants that Contractor complies with all applicable requirements regarding civil rights. Such requirements prohibit discrimination against individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity, or national origin.

**12. NON-DISCRIMINATION.**

1. Nondiscrimination Requirement. During the term of this Contract, Contractor, including any subcontractor, shall not discriminate on the bases enumerated at RCW 49.60.530(3). In addition, Contractor, including any subcontractor, shall give written notice of this nondiscrimination requirement to any labor organizations with which Contractor, or subcontractor, has a collective bargaining or other agreement.
2. Obligation to Cooperate. Contractor, including any subcontractor, shall cooperate and comply with any Washington state agency investigation regarding any allegation that Contractor, including any subcontractor, has engaged in discrimination prohibited by this Contract pursuant to RCW 49.60.530(3).
3. Default. Notwithstanding any provision to the contrary, Agency may suspend Contractor, including any subcontractor, upon notice of a failure to participate and cooperate with any state agency investigation into alleged discrimination prohibited by this Contract, pursuant to RCW 49.60.530(3). Any such suspension will remain in place until Agency receives notification that Contractor, including any subcontractor, is cooperating with the investigating state agency. In the event Contractor, or subcontractor, is determined to have engaged in discrimination identified at RCW 49.60.530(3), Agency may terminate this Contract in whole or in part, and Contractor, subcontractor, or both, may be referred for debarment as provided in RCW 39.26.200. Contractor or subcontractor may be given a reasonable time in which to cure this noncompliance, including implementing conditions consistent with any court-ordered injunctive relief or settlement agreement.
4. Remedies for Breach. Notwithstanding any provision to the contrary, in the event of Contract termination or suspension for engaging in discrimination, Contractor, subcontractor, or both, shall be liable for contract damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, which damages are distinct from any penalties imposed under Chapter 49.60, RCW. Agency shall have the right to deduct from any monies due to Contractor or subcontractor, or that thereafter become due, an amount for damages Contractor or subcontractor will owe Agency for default under this provision.



EXECUTED AND EFFECTIVE as of the date of the last signature.

**Lake Whatcom Water & Sewer District**

**STATE OF WASHINGTON  
DEPARTMENT OF ENTERPRISE SERVICES**

By: \_\_\_\_\_  
Name: Justin Clary  
Title: General Manager  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Kirsten G. Wilson, PE  
Title: Energy Program Manager  
Date: \_\_\_\_\_

**ATTACHMENT A**

**PROJECT MANAGEMENT SERVICES SCOPE OF WORK**

Energy/Utility Conservation Projects

Statewide Energy Performance Contracting Program

Energy Program will provide the following project management services for each specific project for the Client Agency. Each individual project shall be authorized by an amendment to this *Agreement*.

1. Assist the Client Agency in the selection of an Energy Service Company (ESCO) consistent with the requirements of RCW 39.35A for local governments; or 39.35C for state agencies and school districts.
2. Assist in identifying potential energy/utility conservation measures and estimated cost savings.
3. Assist in negotiating scope of work and fee for an ESCO audit of the facility(s).
4. Assist in identifying appropriate project funding sources and assist with obtaining project funding.
5. Assist in negotiating the technical, financial and legal issues associated with ESCO's Energy Services Proposal.
6. Review and recommend approval of ESCO energy/utility audits and Energy Services Proposals.
7. Provide assistance during the design, construction and commissioning processes.
8. Review ESCO invoice voucher(s) received for reasonableness and forward to Client Agency for review and payment.
9. Assist with final project acceptance.
10. Assist in resolution of disputes with the ESCO that arise during this *Agreement*, not to include formal disputes.
11. Review up to the first three years of the ESCO's annual Measurement and Verification (M&V) reports for completeness and accuracy. Review any ESCO guarantee compared to reported results and resolve differences, if needed. Review and forward ESCO invoice vouchers for payment by the Client Agency.

**ATTACHMENT B**

**PROJECT MANAGEMENT FEE SCHEDULE**

**2025-27 Interagency Reimbursement Costs**

for Project Management Fees to Administer Energy/Utility Conservation Projects

<u>TOTAL PROJECT VALUE</u>	<u>PROJECT MANAGEMENT FEE</u>	<u>TERMINATION FEE</u>
5,000,001..... 6,000,000.....	\$68,800.....	25,700
4,000,001... .. 5,000,000.....	67,700.....	25,400
3,000,001..... 4,000,000.....	66,700.....	25,000
2,000,001..... 3,000,000.....	62,500.....	23,400
1,500,001..... 2,000,000.....	58,300.....	21,800
1,000,001..... 1,500,000.....	51,600.....	19,300
900,001. ... .. 1,000,000.....	43,800.....	16,400
800,001..... .. 900,000.....	41,300.....	15,400
700,001..... .. 800,000.....	38,300.....	14,400
600,001..... .. 700,000.....	36,500.....	13,700
500,001..... .. 600,000.....	33,800.....	12,600
400,001..... .. 500,000.....	30,200.....	11,300
300,001..... .. 400,000.....	25,800.....	9,700
200,001..... .. 300,000.....	20,700.....	7,700
100,001..... .. 200,000.....	14,400.....	5,400
50,001..... .. 100,000.....	7,800.....	3,500
20,001..... .. 50,000.....	4,200.....	2,000

The project management fee on projects over \$6,000,000 is 1.15% of the project cost. The maximum Energy Program termination fee is \$25,700.

1. These fees cover project management services for energy/utility conservation projects managed by Enterprise Services’ Energy Program.
2. Termination fees cover the selection and project management costs associated with managing an ESCO's investment grade audit and energy services proposal. No termination fee will be charged unless Client Agency decided not to proceed to construction based on an energy services proposal that identifies projects that met Client Agency’s cost effectiveness criteria.
3. If the project meets Client Agency’s cost effectiveness criteria and Client Agency decides not to move forward with a project, then Client Agency will be invoiced per the above listed Termination Fee or \$25,700 whichever is less. If Client Agency decides to proceed with the project then the *Agreement* will be amended to include the Project Management Fee listed above.
4. If the audit fails to produce a project that meets Client Agency’s established cost effectiveness criteria, then there is no cost to Client Agency and no further obligation by Client Agency.

**ATTACHMENT C**

**MEASUREMENT & VERIFICATION SERVICES SCOPE OF WORK**

Energy/Utility Conservation Projects

Statewide Energy Performance Contracting Program

If requested, Energy Program will provide the following measurement and verification services for each year beyond the first three years following the Notice of Commencement of Energy Cost Savings by the ESCO for the specific Client Agency project:

1. Review the ESCO's annual Measurement and Verification report for completeness and accuracy. Review any ESCO guarantee compared to reported results and resolve differences, if needed. Review and forward any ESCO invoice vouchers for payment by the Client Agency.
2. Where necessary, review Client Agency facility operations including any changes in operating hours, changes in square footage, additional energy consuming equipment and negotiate changes in baseline energy use with the ESCO and Client Agency that may impact achieved energy savings.
3. Attend a meeting or meetings with Client Agency and ESCO to review and discuss the annual Measurement and Verification report.

## Justin Clary

---

**From:** Randall, Novella (DES) <novella.randall@des.wa.gov>  
**Sent:** Thursday, March 12, 2026 11:19 AM  
**To:** Justin Clary  
**Subject:** RE: LWWSD-DES Energy Program IAA  
**Attachments:** ESCO-DES Energy Services Authorization.pdf; ESCO- DES MESA Agreement.pdf; ESPC Contracting Process Flowchart.pdf; Energy Savings Performance Contracting (ESPC) NR.pdf; EnergyServicesFlyer.pdf; 2025-2027 ESPC General Conditions.pdf; ESPC-Guidelines.pdf

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Justin,

I am very happy to provide more information on these questions.

I will preface this with termination fees are used very seldomly and in the 4 years I have been with DES I have never had a scenario where DES charged a client a termination fee.

The cost effective criteria (CEC) is outlined after the preliminary audit when an investment grade audit proposal is produced and is project specific. This outlines the financial framework of what would advance a project. Because the district is looking at pursuing grants, our most likely CEC would likely be based on grant award amount and minimum scope of project. This language development is collaborated between the Client/DES/ESCO while the proposal is in draft form.

I have attached "ESCO-DES MESA Agreement". This outlines some broad examples of cost effectiveness.

I also attached the sample ESCO Energy Services Authorization that section III would reference project specific CEC.

DES does not typically charge a management fee (or termination fee) at the investment grade audit phase. If we move forward to construction, we would amend the IAA to include the PM fee at that time. So in our case, the risk of a termination fee would be after we are under construction contract. Client termination at that point is very rare and would mean something majorly derailed. The termination fee is to protect DES efforts if we are 80% thorough a project and the project is terminated we can recoup some costs. I included the flowchart of our process for hopefully some clarity.

At this time executed the IAA would have no cost commitment until further project specific contracts/agreements are signed and the IAA is amended.

I can't remember if I sent you a new client package so I am going include a few attachments you already may have seen.

Please let me know if you have any further questions or I can clarify further.

Thank you,



Novella Randall (she/her)  
 Energy Engineer IIII  
 Energy Program  
 Department of Enterprise Services  
 360-790-3667 | [Novella.Randall@des.wa.gov](mailto:Novella.Randall@des.wa.gov)  
[DES.wa.gov](http://DES.wa.gov) | [Capitol.wa.gov](http://Capitol.wa.gov) | [EAP.wa.gov](http://EAP.wa.gov)

Office Hours 7:00am-5:30pm Monday-Thursday

**From:** Justin Clary <[justin.clary@lwwsd.org](mailto:justin.clary@lwwsd.org)>  
**Sent:** Thursday, March 12, 2026 10:00 AM  
**To:** Randall, Novella (DES) <[novella.randall@des.wa.gov](mailto:novella.randall@des.wa.gov)>  
**Subject:** LWWSD-DES Energy Program IAA

External Email

Novella,

The District Board of Commissioners considered the interagency agreement with DES for energy management during last night's board meeting. The Board would like to better understand the sequencing of implementation of the program relative to the termination conditions provided in Appendix B before they approve the IAA. Specifically, they would like to better understand how/when cost effectiveness criteria are defined relative to project approval to avoid a potential scenario of being charged the Termination Fee.

Any additional information on how projects are identified, work orders executed and projects initiated relative to the termination fee would be appreciated.

Thank you,

**Justin L. Clary, PE | General Manager**



**LAKE WHATCOM WATER & SEWER DISTRICT**

1220 Lakeway Drive  
 Bellingham, WA 98229

8am – 5pm, Monday – Thursday  
 Phone: (360) 734-9224  
[www.lwwsd.org](http://www.lwwsd.org)

NOTICE: The information contained in this electronic message is confidential and only for the use of the intended recipient(s); and contains confidential and/or privileged information belonging to Lake Whatcom Water and Sewer District or its customers or consultants or vendors. Any unauthorized review, use, copying, disclosure or distribution of this message is strictly prohibited. If you are not an intended recipient of this message, please contact the sender and destroy all copies of the message and any attachments immediately.

Email from this address is subject to public disclosure pursuant to RCW 42.56.



**AGENDA  
BILL  
Item 6.B**

**2025 Financial  
Benchmarks Performance**

DATE SUBMITTED:	March 12, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary, General Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Financial Benchmarks Performance Analysis		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

As a public agency, it is crucial that the Lake Whatcom Water and Sewer District maintain public trust through efficiently operating in a transparent manner. A method for monitoring and public reporting of utility operations is through *performance measurement*—the process of creating useful metrics to gauge current performance and to set reasonable targets for the future. Performance measurement (or “benchmarking”) has been implemented by the District in tracking progress on and attainment of departmental goals defined in prior and current six-year strategic business plans, which are reported to the Board on a quarterly basis. In addition, the Board has also created benchmarks through policy adoption (examples being 60/90-day operating reserves for the sewer/water utilities and maintaining a debt-service coverage ratio of at least 1.75).

To go beyond prior performance tracking efforts, the Board adopted a series of financial benchmarks in August 2025 with the objective of setting the stage for the long-term demonstration to customers that the District has proactively managed and maintained its finances and utilities to mitigate unnecessary operational expenses.

The financial benchmarks that the Board adopted relied on existing resources (such as the American Water Works Association Utility Benchmarking and Washington State Auditor’s Office guidance documents), as applicable to the District. Staff will present the District’s performance in attaining the benchmarks in 2025 relative to 2024 baseline data (see attached).

**FISCAL IMPACT**

No fiscal impact is anticipated with review of benchmark performance.

**APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)**

Financial Viability

Customer Satisfaction

**RECOMMENDED BOARD ACTION**

No action is recommended.

**PROPOSED MOTION**

Not applicable.

**Financial Benchmarks Performance**  
**Lake Whatcom Water and Sewer District**

<b>Financial Parameter</b>	<b>Benchmark</b>	<b>2024<sup>a</sup></b>	<b>2025</b>
Debt Ratio	≤ 43%	2%	2%
Debt Service Coverage Ratio	≥ 1.75	4.36	4.02
Days Cash on Hand	≥ 180	374	401
Operating Reserve (days)			
Water Utility	≥ 90	92	92
Sewer Utility	≥ 60	63	63
Bond Rating	AA-, AA, AA+	AA-	AA-
Enterprise Fund Self-Sufficiency <sup>b</sup>			
Water Utility	≥ \$280,000	\$1,965,356	\$2,436,687
Sewer Utility	≥ \$840,000	\$2,232,321	\$1,965,589
Debt Load			
Water Utility	≤ 12%	5%	4%
Sewer Utility	≤ 12%	11%	11%
O&M Cost per Service Account <sup>c</sup>			
Water Utility	≤ \$717	\$695	\$731
Sewer Utility	≤ \$753	\$730	\$743
O&M Cost by Volume Produced/Treated (per gallon) <sup>c</sup>			
Water Utility	≤ \$0.0131	\$0.0127	\$0.0130
Sewer Utility	≤ \$0.0114	\$0.0111	\$0.0141
O&M Cost by System Size (per 100 miles of pipe) <sup>c</sup>			
Water Utility	≤ \$3,900,191	\$3,782,920	\$3,999,250
Sewer Utility	≤ \$3,593,305	\$3,485,262	\$3,567,755

<sup>a</sup> Benchmark compliance compared against benchmark specific to that year.

<sup>b</sup> Benchmark escalates \$10,000 annually; value shown is current benchmark.

<sup>c</sup> Benchmark escalates annually per Seattle CPI-U; value shown is current benchmark.

## Financial Benchmarks Evaluation (2025) Lake Whatcom Water and Sewer District

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### Debt Ratio

Quantifies a utility's level of indebtedness. It is a measure of the extent to which assets are financed through borrowing. The higher the debt ratio, the more dependent the utility is on debt financing.

$$\text{Debt Ratio (\%)} = \frac{\text{total liabilities}}{\text{total assets}}$$

2025 Liabilities = \$ 6,715,389

2025 Assets = \$ 348,001,099

2025 Debt Ratio = 2%

Benchmark is 43% or less (combined utilities-median).

The District currently meets the benchmark.

Source: AWWA

---

### Debt-Service Coverage Ratio

The ratio of net operating income to total debt service.

$$\text{Debt-Service Coverage Ratio (\%)} = \frac{\text{total operating revenue} - \text{total O\&M costs}}{\text{total debt service}}$$

2025 Operating Revenue = \$ 9,370,297

2025 O&M Costs = \$ 5,903,422

2025 Debt Service = \$ 862,563

2025 Debt Serv. Cov. Ratio = 4.02

Benchmark is DSCR of equal to or greater than 1.75 (District Administrative Code Section 2.19.1).

The District currently meets the benchmark.

Source: AWWA

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### Days Cash on Hand

Quantifies the number of days of available cash on hand as a measure of financial liquidity.

$$\text{Days Cash on Hand (days)} = \frac{\text{undesignated cash \& cash equivalents}}{(\text{operating expenses})/365 \text{ days}}$$

2025 Cash/Cash Equiv. = \$ 6,485,856

2025 Operating Expenses = \$ 5,903,422

2025 Days Cash on Hand = 401 days

Benchmark is 180 days.

The District currently meets the benchmark.

Source: AWWA

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### Operating Reserve

Serves as a liquidity cushion providing protection from the risk of short-term variation in the timing of revenue collection relative to payment of expenses.

$$\text{Operating Reserve (days)} = \frac{\text{reserve fund balance}}{\text{operational costs/day}}$$

Water Utility Reserve Bal. = \$ 664,000

Water Utility Cost/Day = \$ 7,255

Sewer Utility Reserve Bal. = \$ 521,000

Sewer Utility Cost/Day = \$ 8,307

Water Utility Op. Reserve = 92 days

Sewer Utility Op. Reserve = 63 days

Water Utility benchmark is 90 days (District Administrative Code Section 2.18.1).

Sewer Utility benchmark is 60 days (District Administrative Code Section 2.18.1).

The District currently meets the benchmarks for both utilities.

Source: AWWA

---

## Bond Rating

A utility's bond rating is a grade that indicates its credit worthiness. The District is rated by S&P Global.

S&P Rating	Rating Category
AAA	Prime
AA+	High Grade
AA	
AA-	
A+	Upper Med. Grade
A	
B	
BBB +/-	Lower Med. Grade

The District's current bond rating is AA-.

Benchmark is High Grade.

The District currently meets the benchmark.

Source: AWWA

---

## Enterprise (Utility) Fund Self-Sufficiency

Demonstrates that utility fund revenue is sufficient to cover operating costs and debt service each year.

Fund Self-Sufficiency = revenue - (operating cost + debt service)

Water Utility Revenue =	\$	5,463,000
Water Utility Operating Cost =	\$	2,799,475
Water Utility Debt Service =	\$	226,838
Sewer Utility Revenue =	\$	5,705,261
Sewer Utility Operating Cost =	\$	3,103,947
Sewer Utility Debt Service =	\$	635,725
Water Utility Self-Sufficiency =	\$	2,436,687
Sewer Utility Self-Sufficiency =	\$	1,965,589

Water utility benchmark is \$280,000 (2025 annual allocation to Water Capital Fund).

Sewer utility benchmark is \$840,000 (2025 annual allocation to Sewer Capital Fund).

\*each benchmark escalates \$10,000/year.

The District currently meets the benchmarks for both utilities.

Source: Washington SAO

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## Debt Load

Demonstrates financial flexibility by not overburdening agency in long-term debt.

$$\text{Debt Load (\%)} = \frac{\text{Debt Service}}{\text{Revenue}}$$

Water Utility Revenue =	\$	5,463,000
Water Utility Debt Service =	\$	226,838
Sewer Utility Revenue =	\$	5,705,261
Sewer Utility Debt Service =	\$	635,725

Water Utility Debt Load =	4%
Sewer Utility Debt Load =	11%

Benchmark is less than or equal to 12 percent.

The District currently meets the benchmark for both utilities.

Source: Washington SAO

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## O&M Cost of Utility Service per Account

Demonstrates O&M cost containment relative to the number of customers served.

$$\text{Total O\&M Cost (\$/account)} = \frac{\text{total O\&M cost}}{\text{total number of accounts}}$$

2025 Water O&M Cost =	\$	2,799,475
2025 Water Accounts =		3,832
2025 Sewer O&M Cost =	\$	3,103,947
2025 Sewer Accounts =		4,178

Total Water O&M Cost =	\$	731 per account
Total Sewer O&M Cost =	\$	743 per account

Water utility benchmark is \$717 (2024 baseline; benchmark escalates annually per Seattle Oct. CPI-U).

Due to government shutdown, no CPI-U data available for October; used December of 3.1%

2024 Baseline = \$695; \$695 x 3.1% = \$717

Sewer utility benchmark is \$753 (2024 baseline; benchmark escalates annually per Seattle Oct. CPI-U).

Due to government shutdown, no CPI-U data available for October; used December of 3.1%

2024 Baseline = \$730; \$730 x 3.1% = \$753

The District currently meets the benchmark for sewer utility but doesn't meet benchmark for water utility.

Source: AWWA

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### O&M Cost of Utility Service by Volume Produced/Treated

Demonstrates O&M cost containment relative to the volume of water produced or sewage treated.

$$\text{Total O\&M Cost (\$/gallon)} = \frac{\text{total O\&M cost}}{\text{average daily production} \times 365 \text{ days}}$$

2025 Water O&M Cost =	\$	2,799,475	
2025 Avg Water Daily Production =		591,761	SS = 570,304 gpd; AH = 8,132 gpd; ER = 13,325 gpd
2025 Sewer O&M Cost =	\$	3,103,947	
2025 Avg Sewer Daily Production =		605,089	

Total Water O&M Cost =	\$	0.0130	per gallon water
Total Sewer O&M Cost =	\$	0.0141	per gallon wastewater

Water utility benchmark is \$0.0131 (2024 baseline; benchmark escalates annually per Seattle Oct. CPI-U).  
Due to government shutdown, no CPI-U data available for October; used December of 3.1%  
2024 Baseline = \$0.0127;  $0.0127 \times 3.1\% = \$0.0131$

Sewer utility benchmark is \$0.0114 (2024 baseline; benchmark escalates annually per Seattle Oct. CPI-U).  
Due to government shutdown, no CPI-U data available for October; used December of 3.1%  
2024 Baseline = \$0.0111;  $\$0.0111 \times 3.1\% = \$0.0114$

The District currently meets the benchmark for water utility but doesn't meet benchmark for sewer utility.

Source: AWWA

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## O&M Cost of Utility Service by Distribution/Collection System Size

Demonstrates O&M cost containment relative to the system size.

$$\text{Total O\&M Cost (\$/100 miles of pipe)} = \frac{\text{total O\&M cost} \times 100}{\text{length of utility pipe}}$$

2025 Water O&M Cost =	\$	2,799,475
Length of Water System Pipe =		70
2025 Sewer O&M Cost =	\$	3,103,947
Length of Sewer System Pipe =		87

Total Water O&M Cost =	\$	3,999,250	per 100 miles of pipe
Total Sewer O&M Cost =	\$	3,567,755	per 100 miles of pipe

Water utility benchmark is \$3,900,191 (2024 baseline; benchmark escalates annually per Seattle Oct. CPI-U).

Due to government shutdown, no CPI-U data available for October; used December of 3.1%

2024 Baseline \$3,782,920 x 3.1% = \$3,900,191

Sewer utility benchmark is \$3,593,305 (2024 baseline; benchmark escalates annually per Seattle Oct. CPI-U).

Due to government shutdown, no CPI-U data available for October; used December of 3.1%

2024 Baseline \$3,485,262 x 3.1% = \$3,593,305

The District currently meets the benchmark for the sewer utility but doesn't for the water utility.

Source: AWWA

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## O&M Cost Considerations

There are several factors that drive District operations and maintenance costs to be higher than like-sized utilities. Examples include:

- The topography of the Lake Whatcom Watershed requires a complex system of pump stations to both distribute water throughout the service area (6 pump stations and 8 reservoirs) and to convey sewage out of the watershed (26 lift stations). This translates into not just higher costs for O&M of the infrastructure, but also in staffing costs relative to maintaining a higher level of expertise necessary to operate system controls/SCADA.
- While most utilities operate just one water system, the District operates three Group A and one Group B water systems (including two water treatment plants), each of which requiring separate testing and reporting to meet state and federal requirements.
- To protect the environmentally sensitive Lake Whatcom, all sewage is collected and conveyed out of watershed for treatment at the City of Bellingham's Post Point wastewater treatment plant. Payment to the City for sewage treatment accounts for approximately a quarter of sewer utility O&M costs.
- Partnering with the City of Bellingham and Whatcom County, the District is a committed partner to the Lake Whatcom Management Program, spending significantly on the protection of Lake Whatcom.
- The District spends at a higher rate than like-sized utilities in the professional development and safety training of staff to ensure that it is a high functioning organization.

To monitor trends specific to District operations and maintenance costs, O&M-related benchmarks were determined to be evaluated against the 2024 baseline data, with annual escalations based upon the Seattle CPI-U. As acknowledged during benchmark development, there are pitfalls associated with this approach:

- O&M Cost-based Benchmarks. Cost w/ CPI escalator may not be reasonable as many costs typically exceed inflation (e.g., health insurance, fuel, etc.).
- O&M Cost per Account Benchmark. Benchmark is contrary to Lake Whatcom Management Program policy of limiting new development in the watershed; the greater the number of new connections, the easier to meet the benchmark.
- O&M Cost per Volume Benchmark. Benchmark is contrary to water conservation/limiting I&I; the less water produced/sewage conveyed the greater the cost per volume.
- O&M Cost per System Size Benchmark. The District's water/sewer systems are built out; without denominator growth, the District is reliant on costs below or keeping pace with the CPI to meet the benchmark (see general O&M cost-based benchmark challenge above).



**AGENDA  
BILL  
Item 6.C**

**American Public Works  
Association Accreditation**

DATE SUBMITTED:	March 13, 2026	MEETING DATE:	March 25, 2026
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**

Goal No. 7 of the Executive Department goals defined in the District’s 2025-2030 Strategic Business Plan is obtaining agency accreditation through the American Public Works Association (APWA). In line with the District’s pursuit of continuous improvement, APWA accreditation promotes excellence in the operation and management of public works agencies, their programs, and employees. While the District has not yet formally initiated pursuit of accreditation through this comprehensive program, District staff have begun completion of program practices specific to the District to lessen the workload once officially entered. District staff will provide the Board with an overview of the accreditation process and experience with program implementation to-date.

**FISCAL IMPACT**

No fiscal impact is anticipated.

**APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)**

- Product Quality
- Financial Viability
- Employee Leadership and Development
- Operational Optimization
- Infrastructure Strategy and Performance
- Customer Satisfaction

**RECOMMENDED BOARD ACTION**

No action is recommended.

**PROPOSED MOTION**

Not applicable.



**AGENDA  
BILL  
Item 8.A**

**General Manager's  
Report**

DATE SUBMITTED:	March 19, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary, General Manager		
GENERAL MANAGER APPROVAL	<i>Justin Clary</i>		
ATTACHED DOCUMENTS	1. General Manager's Report 2.		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL /OTHER <input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

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, March 25, 2026 – 8:00 a.m.

**Important Upcoming Dates**

Lake Whatcom Water & Sewer District			
Regular Board Meeting	Wed Apr 8, 2026	6:30 p.m.	Board Room/Hybrid
Employee Staff Meeting	Thu Apr 9, 2026	8:00 a.m.	Board Room/Hybrid Commissioner Citron to attend
Investment Comm. Meeting	Wed Apr 29, 2026	10:00 a.m.	Board Room/Hybrid
Safety Committee Meeting	Thu Mar 26, 2026	8:00 a.m.	Board Room
Lake Whatcom Management Program			
Policy Group Meeting	Wed Jun 3, 2026	3:00 p.m.	City of Bellingham Pacific St Ops Center, 2221 Pacific Street
Joint Councils Meeting	Wed Apr 1, 2026	6:30 p.m.	Bellingham City Hall 210 Lottie Street
Other Meetings			
WASWD Section III Meeting	Wed Apr 22, 2026	7:00 a.m.	WASWD Spring Conference Kennewick, WA
Whatcom County Council of Governments Board Meeting	Wed May 13, 2026	3:00 p.m.	Council of Governments Offices 314 E Champion Street/Hybrid

**Committee Meeting Reports**

Safety Committee:

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

Investment Committee:

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

**Upcoming Board Meeting Topics**

- Commissioner Position No. 3 appointment
- 2025-26 Budget Amendment No. 2 approval
- District utility rate structure overview
- Records management policy adoption
- FEMA hazard mitigation grants amendments approval (authorizing Phase 2—construction)
- Geneva-Division 22-1 Reservoirs Improvements public works contract award

## 2026 Initiatives Status

### Administration and Operations

#### Water Right Adjudication

- Represent the District in the Water Resource Inventory Area (WRIA) 1 water right adjudication to ensure that its certificated and permitted rights are protected.  
*The District received the adjudication claim documents in March 2025. District staff and legal counsel have finalized claim form responses specific to each water right for submittal to the Whatcom County Superior Court (June 1, 2027 deadline).*

#### Water and Sewer Rates Analysis

- With the current multi-year rate structure adopted through 2026, lead the District through a comprehensive review of water and sewer rates with the goal of adopting a new 5-year rate structure prior to development of the 2027-28 biennial budget.  
*The rate analysis is scheduled to begin April 2026.*

#### 2027-28 Biennial Budget

- Develop a balanced budget for the 2027-28 biennium.  
*Budget development is scheduled to begin in Summer 2026 following adoption of a new multi-year rate structure.*

#### Succession Plan

- With several staff retirements anticipated over the next five years, update the District's succession plan.  
*An update to the succession plan was completed in December 2025.*

#### EUM Assessment/Strategic Plan

- Facilitate the AWWA Effective Utility Management assessment with board and staff and perform an update of the District's 6-year strategic business plan based upon the outcome of the EUM assessment.  
*The EUM assessment is scheduled for Spring 2026.*

#### APWA Accreditation

- Continue work towards multi-year effort to gain American Public Works Association accreditation.  
*The accreditation team is reviewing/completing the 273 accreditation practices applicable to the District (111 practices have been completed to-date).*

### Emergency Response/System Security/Safety

#### Emergency Readiness

- Continue use of Whatcom County Department of Emergency Management services to hold tabletop and/or field emergency response exercises.  
*2026 emergency response exercises will be scheduled for Fall 2026.*

#### AWIA Compliance

- Complete an update to the District's facility risk assessment in compliance with the American Water Infrastructure Act of 2018 (AWIA) deadline of June 30, 2026.  
*District staff have initiated risk assessment activities.*

- Complete an update to the District’s emergency response plan in compliance with the AWIA deadline of December 31, 2026.  
*Update of the District’s ERP will be initiated following completion of the facility risk assessment update.*

#### Safety Program Update

- Continue systematic review and revision of District’s safety programs by updating nine programs in 2026.  
*Staff are reviewing the hearing conservation, personal protective equipment, office safety, and medical emergencies programs.*

#### L&I START Program

- Initiate a multi-year effort to obtain District certification through the Washington State Department of Labor & Industries Safety Through Achieving Recognition Together (START) program.  
*The risk management assessment component was completed by L&I on February 11; the industrial hygiene and health and safety assessments are scheduled for April 30.*

### **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, LinkedIn, and Nextdoor pages regularly; Nextdoor is also regularly monitored for District-related posts.*
- Press Releases  
*A press release was issued on January 30 (Commissioner Ford resignation).*

#### Intergovernmental Relations

- *J Clary attended the Whatcom Water Districts Caucus meeting on March 12.*
- *J Clary met with Bellingham Public Works management regarding agency coordination on March 16.*
- *J Clary is scheduled to attend the WASWD general managers quarterly meeting on March 25.*

### **Lake Whatcom Water Quality**

#### Lake Whatcom Management Program

- Participate in meetings of Lake Whatcom Management Program partners.  
*J Clary attended the data group and leadership team meetings on March 12, met with County Executive Sidhu and Bellingham Mayor Lund on March 17, and attended the interjurisdictional coordinating team meeting on March 19.*



**AGENDA  
BILL  
Item 8.B**

**Engineering Department  
Report**

DATE SUBMITTED:	March 19, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Greg Nicoll, Engineering Manager/District Engineer		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Engineering Annual Summary Report		
	2. Summary of Capital Improvement Projects		
TYPE OF ACTION REQUESTED	RESOLUTION	FORMAL ACTION/ MOTION	INFORMATIONAL /OTHER
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**BACKGROUND / EXPLANATION OF IMPACT**

Updated information regarding District projects and current priorities in advance of the Board meeting.

*Report to be provided at meeting.*

**FISCAL IMPACT**

None.

**RECOMMENDED BOARD ACTION**

None required.

**PROPOSED MOTION**

None.



**AGENDA  
BILL  
Item 8.C**

**Finance Department  
Report**

DATE SUBMITTED:	March 11, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Jennifer Signs, Finance Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. February 2026 Financial Report 2. February 2026 Cash & Investments 3. February 2026 Utility Account Adjustments		
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

**APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)**

Financial Viability

**RECOMMENDED BOARD ACTION**

None required.

**PROPOSED MOTION**

None

## 2026 BUDGET POSITION

Lake Whatcom W-S District

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### 401 Water Fund

Revenues	Amt Budgeted	February	YTD	Remaining	
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#### 330 State Generated Revenues

331 66 00 01	Federal Direct Grant - EPA	0.00	220,000.00	220,000.00	(220,000.00)	0.0%
333 97 00 02	Federal Indirect Grant Homeland Security	2,287,825.00	0.00	0.00	2,287,825.00	100.0%
334 01 80 01	State Grant From Military Department	266,134.00	0.00	0.00	266,134.00	100.0%
<b>330 State Generated Revenues</b>		<b>2,553,959.00</b>	<b>220,000.00</b>	<b>220,000.00</b>	<b>2,333,959.00</b>	<b>91.4%</b>

#### 340 Charges For Services

343 40 10 00	Water Sales Metered	3,385,455.00	322,929.97	504,091.13	2,881,363.87	85.1%
343 41 10 01	General Facilities Charges - Water	107,540.00	0.00	0.00	107,540.00	100.0%
<b>340 Charges For Services</b>		<b>3,492,995.00</b>	<b>322,929.97</b>	<b>504,091.13</b>	<b>2,988,903.87</b>	<b>85.6%</b>

#### 350 Fines & Forfeitures

359 81 10 00	Combined Fees	12,500.00	941.98	1,259.27	11,240.73	89.9%
359 90 00 00	Late Fees	65,000.00	6,370.24	10,278.41	54,721.59	84.2%
<b>350 Fines &amp; Forfeitures</b>		<b>77,500.00</b>	<b>7,312.22</b>	<b>11,537.68</b>	<b>65,962.32</b>	<b>85.1%</b>

#### 360 Misc Revenues

361 11 00 00	Investment Interest	70,000.00	34,456.97	40,563.32	29,436.68	42.1%
369 91 01 00	Miscellaneous	1,000.00	21,460.26	21,460.26	(20,460.26)	0.0%
<b>360 Misc Revenues</b>		<b>71,000.00</b>	<b>55,917.23</b>	<b>62,023.58</b>	<b>8,976.42</b>	<b>12.6%</b>

<b>Fund Revenues:</b>	<b>6,195,454.00</b>	<b>606,159.42</b>	<b>797,652.39</b>	<b>5,397,801.61</b>	<b>87.1%</b>
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Expenditures	Amt Budgeted	February	YTD	Remaining	
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#### 534 Water Utilities

534 10 10 00	Water - Gen Admin Payroll	410,405.00	33,249.95	64,957.03	345,447.97	84.2%
534 10 20 00	Water - Gen Admin Personnel Benefits	168,206.00	12,018.75	25,944.30	142,261.70	84.6%
534 10 31 00	Water - Gen Admin Supplies	12,500.00	125.06	1,155.93	11,344.07	90.8%
534 10 31 01	Water - Meetings/Team building	3,200.00	1,177.09	1,324.87	1,875.13	58.6%
534 10 40 00	Water - Merchant Services Fees	20,300.00	1,687.42	4,037.52	16,262.48	80.1%
534 10 40 01	Water - Bank Fees	750.00	4.92	60.06	689.94	92.0%
534 10 41 00	Water - Quality Assurance Programs	87,800.00	0.00	0.00	87,800.00	100.0%
534 10 41 01	Water - Gen Admin Prof Svc	110,915.00	10,237.64	18,010.50	92,904.50	83.8%
534 10 41 02	Water- Engineering Svc	9,000.00	0.00	322.50	8,677.50	96.4%
534 10 41 03	Water - Legal Svc	31,900.00	2,102.75	8,606.25	23,293.75	73.0%
534 10 42 00	Water - Admin Communication	35,400.00	2,567.45	3,536.99	31,863.01	90.0%
534 10 43 00	Water - Software/IT Subscriptions	73,010.00	14,782.16	25,143.53	47,866.47	65.6%
534 10 46 00	Water - Gen Admin Insurance	93,450.00	0.00	233.54	93,216.46	99.8%
534 10 49 00	Water - Gen Admin Misc	200.00	0.00	0.00	200.00	100.0%
534 10 49 01	Water- Memberships/Dues/Permits	21,750.00	5,704.22	17,622.71	4,127.29	19.0%
534 10 49 02	Water - Taxes	185,800.00	9,184.54	25,422.62	160,377.38	86.3%
534 40 43 00	Water - Admin Training & Travel	13,000.00	83.95	253.79	12,746.21	98.0%
534 40 43 01	Water- Tuition Reimbursement	500.00	0.00	0.00	500.00	100.0%

2026 BUDGET POSITION

Lake Whatcom W-S District

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401 Water Fund

Expenditures	Amt Budgeted	February	YTD	Remaining	
<b>534 Water Utilities</b>					
534 50 31 00 Water - Maintenance Supplies	120,500.00	18,804.06	22,182.86	98,317.14	81.6%
534 50 31 01 Water- Small Assets	48,000.00	327.28	3,541.51	44,458.49	92.6%
534 50 48 00 Water - Repair & Maint	150,800.00	37,391.10	41,685.17	109,114.83	72.4%
534 50 49 00 Water - Insurance Claims	5,000.00	0.00	0.00	5,000.00	100.0%
534 60 41 00 Water - Operations Contracted (Edge Analytical)	12,900.00	1,247.00	2,265.00	10,635.00	82.4%
534 60 47 00 Water - City of Bellingham	62,920.00	3,941.77	6,704.74	56,215.26	89.3%
534 80 10 00 Water - Operations Payroll	756,778.00	55,477.81	115,805.48	640,972.52	84.7%
534 80 20 00 Water - Operations Personnel Benefits	350,964.00	21,767.38	49,367.19	301,596.81	85.9%
534 80 32 00 Water - Operations Fuel	33,200.00	2,024.79	5,990.62	27,209.38	82.0%
534 80 35 00 Water - Safety Supplies	10,000.00	0.00	774.09	9,225.91	92.3%
534 80 35 01 Water - Safety Boots	1,400.00	108.01	108.01	1,291.99	92.3%
534 80 35 02 Water - Emergency Preparedness	3,000.00	0.00	0.00	3,000.00	100.0%
534 80 43 00 Water - Operation Training/Travel/Certifications	13,000.00	1,289.92	1,420.42	11,579.58	89.1%
534 80 47 00 Water - Ops Utilities	162,500.00	15,850.63	29,731.75	132,768.25	81.7%
534 80 49 00 Water - Operations Laundry	2,000.00	115.04	258.84	1,741.16	87.1%
<b>534 Water Utilities</b>	<b>3,011,048.00</b>	<b>251,270.69</b>	<b>476,467.82</b>	<b>2,534,580.18</b>	<b>84.2%</b>
<b>580 Non Expenditures</b>					
589 99 99 99 Payroll Benefit Liabilities	0.00	(2,831.57)	2,665.14	(2,665.14)	0.0%
<b>580 Non Expenditures</b>	<b>0.00</b>	<b>(2,831.57)</b>	<b>2,665.14</b>	<b>(2,665.14)</b>	<b>0.0%</b>
<b>591 Debt Service</b>					
591 34 77 01 Geneva AC Mains Principal	119,938.00	0.00	0.00	119,938.00	100.0%
591 34 77 02 Div 22 Reservoir Principal	65,475.00	0.00	0.00	65,475.00	100.0%
591 34 77 03 Public Works Board Loan - Division 7 Principal	33,854.00	0.00	0.00	33,854.00	100.0%
592 34 83 01 Geneva AC Mains Interest	17,991.00	0.00	0.00	17,991.00	100.0%
592 34 83 02 Div 22 Reservoir Interest	11,785.00	0.00	0.00	11,785.00	100.0%
592 34 83 03 Public Works Board Loan - Division 7 Interest	13,760.00	0.00	0.00	13,760.00	100.0%
<b>591 Debt Service</b>	<b>262,803.00</b>	<b>0.00</b>	<b>0.00</b>	<b>262,803.00</b>	<b>100.0%</b>
<b>594 Capital Expenditures</b>					
594 34 60 01 Capital Outlay - Budget Only	3,016,000.00	0.00	0.00	3,016,000.00	100.0%
594 34 62 01 Capital Projects - Water Structures	0.00	35,609.74	92,548.81	(92,548.81)	0.0%
594 34 65 01 Capital Outlay - Small Water Projects	0.00	465.76	792.35	(792.35)	0.0%
<b>594 Capital Expenditures</b>	<b>3,016,000.00</b>	<b>36,075.50</b>	<b>93,341.16</b>	<b>2,922,658.84</b>	<b>96.9%</b>
<b>Fund Expenditures:</b>	<b>6,289,851.00</b>	<b>284,514.62</b>	<b>572,474.12</b>	<b>5,717,376.88</b>	<b>90.9%</b>
<b>Fund Excess/(Deficit):</b>	<b>(94,397.00)</b>	<b>321,644.80</b>	<b>225,178.27</b>		

## 2026 BUDGET POSITION

Lake Whatcom W-S District

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### 402 Sewer Fund

Revenues	Amt Budgeted	February	YTD	Remaining	
<b>340 Charges For Services</b>					
343 50 11 00 Sewer Service Residential	5,236,856.00	524,910.64	876,543.59	4,360,312.41	83.3%
343 50 19 00 Sewer Service Other	5,950.00	568.39	1,007.50	4,942.50	83.1%
343 51 10 02 General Facilities Charges - Sewer	128,520.00	0.00	0.00	128,520.00	100.0%
<b>340 Charges For Services</b>	<b>5,371,326.00</b>	<b>525,479.03</b>	<b>877,551.09</b>	<b>4,493,774.91</b>	<b>83.7%</b>
<b>360 Misc Revenues</b>					
361 11 00 02 Investment Interest	70,000.00	34,457.00	40,563.37	29,436.63	42.1%
369 40 00 02 Project Reimbursement	4,142.00	0.00	0.00	4,142.00	100.0%
369 91 01 02 Miscellaneous	1,000.00	2,247.26	2,247.26	(1,247.26)	0.0%
<b>360 Misc Revenues</b>	<b>75,142.00</b>	<b>36,704.26</b>	<b>42,810.63</b>	<b>32,331.37</b>	<b>43.0%</b>
<b>Fund Revenues:</b>	<b>5,446,468.00</b>	<b>562,183.29</b>	<b>920,361.72</b>	<b>4,526,106.28</b>	<b>83.1%</b>

Expenditures	Amt Budgeted	February	YTD	Remaining	
<b>535 Sewer</b>					
535 10 10 00 Sewer - Admin Payroll	410,405.00	33,249.91	64,956.85	345,448.15	84.2%
535 10 20 00 Sewer - Gen Admin Personnel Benefits	168,206.00	12,018.64	25,943.60	142,262.40	84.6%
535 10 31 00 Sewer - Gen Admin Supplies	12,500.00	125.04	996.25	11,503.75	92.0%
535 10 31 01 Sewer - Meetings/Team Building	3,200.00	1,177.12	1,324.91	1,875.09	58.6%
535 10 40 00 Sewer -Merchant Services Fees	18,000.00	1,687.43	4,037.53	13,962.47	77.6%
535 10 40 01 Sewer - Bank Fees	750.00	354.93	410.07	339.93	45.3%
535 10 41 01 Sewer - Gen Admin Prof Srvc	110,915.00	8,061.65	14,403.19	96,511.81	87.0%
535 10 41 02 Sewer - Engineering Srvc	9,000.00	0.00	0.00	9,000.00	100.0%
535 10 41 03 Sewer - Legal Srvc	31,900.00	1,320.25	6,936.25	24,963.75	78.3%
535 10 42 00 Sewer - Admin Communication	35,400.00	2,567.33	3,536.86	31,863.14	90.0%
535 10 43 00 Sewer - Software/IT Subscriptions	82,660.00	14,782.18	21,412.19	61,247.81	74.1%
535 10 46 00 Sewer - Gen Admin Insurance	93,450.00	0.00	233.54	93,216.46	99.8%
535 10 49 00 Sewer - Gen Admin Misc	200.00	0.00	0.00	200.00	100.0%
535 10 49 01 Sewer - Memberships/Dues/Permits	16,700.00	62.50	11,678.00	5,022.00	30.1%
535 10 49 02 Sewer - Taxes	134,500.00	5,627.75	18,240.26	116,259.74	86.4%
535 40 43 00 Sewer - Gen Admin Training &Travel	13,000.00	83.95	253.87	12,746.13	98.0%
535 40 43 01 Sewer - Tuition Reimbursement	500.00	0.00	0.00	500.00	100.0%
535 50 31 00 Sewer - Maintenance Supplies	46,800.00	781.20	8,722.41	38,077.59	81.4%
535 50 31 01 Sewer - Small Assets	43,700.00	327.28	2,793.26	40,906.74	93.6%
535 50 48 00 Sewer - Repair & Maint	150,000.00	32,438.92	38,618.86	111,381.14	74.3%
535 50 49 00 Sewer - Insurance Claims	2,500.00	0.00	0.00	2,500.00	100.0%
535 60 47 00 Sewer - City of Bellingham	926,000.00	77,095.92	212,171.01	713,828.99	77.1%
535 80 10 00 Sewer - Operations Payroll	644,639.00	53,817.61	104,657.64	539,981.36	83.8%
535 80 20 00 Sewer - Operations Personnel Benefits	293,495.00	21,149.56	45,703.83	247,791.17	84.4%
535 80 32 00 Sewer - Operations Fuel	33,200.00	2,024.79	5,990.63	27,209.37	82.0%
535 80 35 00 Sewer - Safety Supplies	10,000.00	0.00	774.08	9,225.92	92.3%
535 80 35 01 Sewer - Safety Boots	1,400.00	108.01	108.01	1,291.99	92.3%
535 80 35 02 Sewer - Emergency Preparedness	5,000.00	0.00	0.00	5,000.00	100.0%
535 80 43 00 Sewer - Operations Training/Travel/Certification	13,000.00	1,289.92	1,420.42	11,579.58	89.1%
535 80 47 00 Sewer - Ops Utilities	164,800.00	22,124.14	39,046.92	125,753.88	76.3%

2026 BUDGET POSITION

Lake Whatcom W-S District

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402 Sewer Fund

Expenditures		Amt Budgeted	February	YTD	Remaining	
535 Sewer						
535 80 49 00	Sewer - Operations Laundry	2,500.00	115.00	258.73	2,241.27	89.7%
535 Sewer		3,478,320.00	292,391.03	634,629.17	2,843,690.83	81.8%
591 Debt Service						
591 35 77 02	Bond 2016 Principal	520,000.00	0.00	0.00	520,000.00	100.0%
591 35 83 02	Bond 2016 Interest	107,925.00	0.00	0.00	107,925.00	100.0%
591 Debt Service		627,925.00	0.00	0.00	627,925.00	100.0%
594 Capital Expenditures						
594 35 60 02	Capital Outlay - Budget Only	2,056,000.00	0.00	0.00	2,056,000.00	100.0%
594 35 62 02	Capital Projects - Sewer Structures	0.00	0.00	480.34	(480.34)	0.0%
594 35 63 02	Capital Projects- Sewer System	0.00	7,708.20	19,525.20	(19,525.20)	0.0%
594 Capital Expenditures		2,056,000.00	7,708.20	20,005.54	2,035,994.46	99.0%
597 Interfund Transfers						
597 10 00 25	Transfer Out	86,000.00	0.00	0.00	86,000.00	100.0%
597 Interfund Transfers		86,000.00	0.00	0.00	86,000.00	100.0%
Fund Expenditures:		6,248,245.00	300,099.23	654,634.71	5,593,610.29	89.5%
Fund Excess/(Deficit):		(801,777.00)	262,084.06	265,727.01		

2026 BUDGET POSITION

Lake Whatcom W-S District

Time: 17:32:04 Date: 03/11/2026

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425 Sewer Contingency Reserve Fund

Revenues	Amt Budgeted	February	YTD	Remaining	
397 Interfund Transfers					
397 10 00 25 Transfer In	86,000.00	0.00	0.00	86,000.00	100.0%
397 Interfund Transfers	86,000.00	0.00	0.00	86,000.00	100.0%
Fund Revenues:	86,000.00	0.00	0.00	86,000.00	100.0%
Fund Excess/(Deficit):	86,000.00	0.00	0.00		



LAKE WHATCOM WATER AND SEWER

INVESTMENTS/CASH AS OF 2/28/2026

Petty Cash	\$	1,600	
Cash	\$	1,428,313	
Debt Service Account	\$	646,125	
Public Funds Account	\$	32,009	2.940%
<hr/>			
WA Federal	\$	2,108,047	
Local Gov't Investment Pool	\$	3,765,451	374.000%

		PRINCIPAL COST	MARKET VALUE	MATURITY DATE	YIELD
US Treasury Note	Non-callable	\$ 467,667	\$ 500,000	Jun-26	4.500%
US Treasury Note	Non-callable	\$ 499,508	\$ 510,000	Oct-26	3.707%
US Treasury Note	Non-callable	\$ 497,683	\$ 515,000	Feb-27	3.470%
US Treasury Note	Non-callable	\$ 534,034	\$ 515,000	Jun-27	3.724%
US Treasury Note	Non-callable	\$ 496,879	\$ 525,000	Sep-27	3.410%
US Treasury Note	Non-callable	\$ 950,654	\$ 1,000,000	Dec-27	3.290%
US Treasury Note	Non-callable	\$ 479,300	\$ 500,000	Feb-28	3.280%
US Bank Short-Term Money Market	Holding Account	\$ 307,219			3.360%
US Bank Trust		\$ 4,232,943	\$ 4,065,000		
TOTAL		<u>\$ 10,106,442</u>			

USE OF FUNDS:

Bond Reserve - Restricted	\$	646,125
Contingency - Assigned	\$	1,298,355
Operating Reserves	\$	1,185,000
Operating Assigned	\$	6,976,962
		<u>\$ 10,106,442</u>

Fund Balance Summary

Water Utility Fund (401)	\$	2,388,194
Sewer Utility Fund (402)	\$	5,797,123
Sewer Contingency Fund (425)	\$	815,000
Water Contingency Fund (426)	\$	460,000
Bond Reserve Fund (460)	\$	646,125
		<u>\$ 10,106,442</u>



**LAKE WHATCOM WATER AND SEWER DISTRICT**  
**February 2026 Utility Account Adjustments**

		Year to Date	Notes
<b>Sudden Valley Adjustments</b>			
Late Fee Credits	\$ 102.75	\$ 390.18	
High Use/Leak Credits	\$ -	\$ -	
 <b>North Shore/Geneva</b>			
Late Fee Credits	\$ 77.72	\$ 290.73	
High Use/Leak Credits	<u>\$ 398.22</u>	<u>\$ 2,334.63</u>	4913 Lewis Ave
 <b>Total Account Adjustments</b>	 \$ 578.69	 \$ 3,015.54	



**AGENDA  
BILL  
Item 8.D**

**Operations Department  
Report**

DATE SUBMITTED:	March 19, 2026	MEETING DATE:	March 25, 2026
TO: BOARD OF COMMISSIONERS	FROM: Jason Dahlstrom, Operations & Maintenance Manager		
GENERAL MANAGER APPROVAL	<i>Jason Dahlstrom</i>		
ATTACHED DOCUMENTS	1. Operations Department Report		
	2. Status of District Water & Sewer Systems		
TYPE OF ACTION REQUESTED	RESOLUTION	FORMAL ACTION/ MOTION	INFORMATIONAL /OTHER
	<input type="checkbox"/>	<input type="checkbox"/>	<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 March 25, 2026 Board Meeting  
Data Compiled 2/17/2026

State Required Report Status													
Monthly Reports													
Name Of Report	Completed	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Chlorination Report Agate Heights Prepared by: K Cook	Postmarked by the 10th of month	x	x	x									
Surface Water Treatment Rule Report (SVWTP) Prepared by: K Cook	Postmarked by the 10th of month	x	x	x									
Annual Reports													
Name Of Report	Deadline	Completed											
WA State Cross Connection Report Prepared by: R Munson	May	April 22, 2025											
OSHA 300 Log Prepared by: R Munson	February 1	January 13, 2026											
Water Use Efficiency Performance Report Prepared by: K Cook	July 1	January 22, 2025											
Community Right to Know (Hazardous Materials) Prepared by: R Munson	March 31	January 13, 2026											
Northwest Clean Air Emissions Report	February 1	January 14, 2026											
Consumer Confidence Reports Prepared by: K Cook	June 30	Geneva		SV			EagleR		Agate Ht				
Other Reports													
Name Of Report	Deadline	Last Completed											
CPR/First Aid Training Coordinated by: R Munson	Due Biennially Next Due 2027	February 27, 2025											
Flagging Card Training Coordinated by: R Munson	Due Triennially Next Due 2025	All complete as of 10/22/25											

<b>Safety Program Summary</b>	
Completed by Rich Munson	
<b>Summary of Annual Safety Training</b>	
2025/26 Testing Period - Dec 2025 to April 4, 2026	
	% Complete
Engineering - Managers	In progress
Engineering - Staff	100%
Field Crew - Managers	In progress
Field Crew - Staff	In progress
Office - Managers	100%
Office - Staff	100%
<b>Overall</b>	<b>100%</b>

Safety meetings for the field crew take place every Thursday at 8 a.m.

<b>Dates of Completed Safety Committee Meetings</b>						
1/23/2026						
2/26/2026						
3/26/2026 (scheduled)						
<b>Summary of Work-Related Injuries &amp; Illnesses</b>						
	Current Month	2026	2025	2024	2023	2022
<b>Total Number of Work Related Injuries</b>						
Defined as a work related injury or illness that results in:						
☐ Death						
☐ Medical treatment beyond first aid						
☐ Loss of consciousness	0	0	0	0	0	0
☐ Significant injury or illness diagnosed by a licensed health care professional						
☐ Days away from work (off work)						
☐ Restricted work or job transfer						
<b>Total Number of Days of Job Transfer or Restriction (light duty or other medical restriction)</b>	0	0	0	0	0	0
<b>Total Number of Days Away from Work (at home, in hospital, not at work)</b>	0	0	0	0	0	0
<b>Near Misses</b>	0	0	0	0	0	0
<b>Safety Coordinator Update</b>						

**Status of District Water and Sewer Systems**  
**Prepared by Jason Dahlstrom - Operations and Maintenance Manager**  
**3/25/2026 Board Meeting**

<b>Safety Activities</b>	
	<ol style="list-style-type: none"> <li>1. No time-loss injuries or near misses.</li> <li>2. Daily safety reminders directly relevant to the day's tasks. Weekly safety trainings based on District specific safety programs.</li> <li>3. Jobsite tailgate meetings by project lead.</li> </ol>
<b>Water Utility Activities</b>	
	<p><i>Water Treatment Plants</i></p> <ol style="list-style-type: none"> <li>1. Sudden Valley <ol style="list-style-type: none"> <li>a. Plant is operating well, averaging 0.5 million gallons per day (MGD) at 700 GPM.</li> <li>b. Water use is consistent with typical seasonal usage.</li> <li>c. WA Dept of Health Sanitary Survey completed</li> </ol> </li> <li>2. Agate Heights <ol style="list-style-type: none"> <li>a. Plant is operating well.</li> <li>b. Water use is consistent with typical seasonal usage.</li> </ol> </li> </ol> <p><i>Distribution System</i></p> <ol style="list-style-type: none"> <li>1. 1 water leak repaired this month</li> <li>2. WA Dept of Health Sanitary Survey completed</li> </ol>
<b>Sewer Utility Activities</b>	
	<p><i>Lift Stations</i></p> <ol style="list-style-type: none"> <li>1. Nothing new to report</li> </ol> <p><i>Collection System</i></p> <ol style="list-style-type: none"> <li>1. Sewer camera inspections focused on infiltration have identified many repairs needed. Repair project being compiled by Engineering</li> </ol>
<b>Fleet</b>	
	<p><i>Vehicles</i></p> <ol style="list-style-type: none"> <li>1. All vehicles are functional</li> <li>2. Annual DOT inspections for large trucks completed</li> <li>3. Sewer camera inspection van had new generator installed</li> </ol> <p><i>Equipment</i></p> <ol style="list-style-type: none"> <li>1. All equipment is functional</li> </ol>
<b>Facilities</b>	
	<ol style="list-style-type: none"> <li>1. Nothing new to report</li> </ol>
<b>Training</b>	
	<ol style="list-style-type: none"> <li>1. One maintenance worker attending CDL school 3/23-4/16</li> </ol>
<b>Development</b>	
	<ol style="list-style-type: none"> <li>1. There are 14 permits currently in stages of development</li> </ol>