



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](tel:+12245013412) **Access Code:** 596-307-141

*Press *6 to mute/unmute your microphone*

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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 or 360-734-9224.



LAKE WHATCOM WATER AND SEWER DISTRICT

1220 Lakeway Drive
Bellingham, WA 98229

REGULAR MEETING OF THE BOARD OF COMMISSIONERS

AGENDA

June 10, 2026


6:30 p.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. Retrospective Rating Plan Agreement with Washington Association of Sewer and Water Districts Approval
 - B. Utility Rate Design Alternatives Discussion
7. OTHER BUSINESS
8. STAFF REPORTS
 - A. General Manager
9. PUBLIC COMMENT OPPORTUNITY
10. ADJOURNMENT



**AGENDA
BILL
Item 5**

Consent Agenda

DATE SUBMITTED:	June 5, 2026	MEETING DATE:	June 10, 2026
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 06.10.2026****

BACKGROUND / EXPLANATION OF IMPACT

- Minutes for the 05.27.26 Regular Board Meeting
- Payroll for Pay Period #12 (05.23.2026 through 06.05.2026) total to be added
- Benefits for Pay Period #12 total to be added
- 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

May 27, 2026

Board President Todd Citron called the Regular Session to order at 8:00 a.m.

Attendees:

Commissioner Todd Citron (v)	General Manager Justin Clary
Commissioner John Carter	Engineering Manager Greg Nicoll
Commissioner David Holland (v)	Finance Manager Jenny Signs
Commissioner Jeff Knakal	Operations Manager Jason Dahlstrom
Commissioner Nick Greif	Recording Secretary Rachael Hope

Also in attendance were Heather Sytsma, Finance Manager of Birch Bay Water & Sewer District, Aryan Chawla of Waterworth (v), and members of the public Michael Miller (v) and Cato Stevens. Attendees noted with a (v) attended the meeting virtually.

Consent Agenda

Action Taken

Carter moved, Knakal seconded, approval of:

- **Minutes for the 05.13.26 Regular Board Meeting**
- **Payroll for Pay Period #11 (05.09.2026 through 05.22.2026) totaling \$51,548.49**
- **Benefits for Pay Period #11 totaling \$59,039.10**
- **Accounts Payable Vouchers totaling \$163,845.58**

Motion passed.

Water Utility Rate Design Alternatives Discussion

Signs recalled that during the regularly scheduled Board meeting on April 29, 2026, the Board requested evaluation of several water rate design scenarios based on varying consumption levels within the District's tiered rate structure. The purpose of this discussion is to evaluate how different rate structures within the Water Utility Fund affect revenue stability, customer bill impacts, long-term infrastructure sustainability, recovery of costs, and ability to responsibly fund ongoing operations and capital reinvestments.

Signs highlighted key concepts in utility and rate design, including fixed and variable costs, system reinvestment, and contingency funds, as well as providing the board with examples of several different utility rate scenarios with analysis and expected impacts. Ary Chawla from Waterworth provided visuals of multiple scenarios created with the District's finance management software. Discussion followed.

General Manager’s Report

Clary updated the Board on several topics, including web content accessibility guidelines and staff work on moving towards compliance prior to various upcoming deadlines, expected results from a recent energy compliance audit with Apollo Solutions, and progress updates to the Whatcom County Natural Hazard Mitigation Plan.

Engineering Department Report

Nicoll highlighted completion of 2026’s first round of inflow & infiltration repairs, with a second round to be completed later this summer, as well as updates on grant applications, permitting progress, and design progress on upcoming capital projects and work on the sewer pipes portion of the District’s in-development asset management plan. Discussion followed.

Finance Department Report

Signs’ report covered general budget tracking information, briefly touching on development revenue expectations, a strong first quarter, and noted that overall expenses are below budget due to on-hold capital projects, staff will likely present a budget amendment in 3rd quarter to address changes and shift project dates once the financing is secured.

Operations & Maintenance Department Report

Dahlstrom reported on the District’s continued excellent safety record and highlighted the District’s asset management in action through the success of hydrant management and inspection activity.

Public Comment

Stevens commented on their appreciation of the Board’s thorough deliberation regarding rate setting for the District.

With no further business, Citron adjourned the regular session at 9:46 a.m.

Board President, Todd Citron


Attest: _____
Recording Secretary, Rachael Hope

Minutes approved by motion at Regular Special Board Meeting on _____



**AGENDA
BILL
Item 6.A**

**Approval of Retrospective Rating
Plan Agreement with the
Washington Assoc. of Sewer
and Water Districts**

DATE SUBMITTED:	June 3, 2026	MEETING DATE:	June 10, 2026
TO: BOARD OF COMMISSIONERS	FROM: Justin Clary, General Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Retrospective Rating Plan Agreement, Updated June 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

The Lake Whatcom Water and Sewer District has participated for several years in the [Washington Association of Sewer and Water Districts](#) (WASWD) Retrospective Rating (Retro) Program. The Retro Program offers qualified members a potential cost-saving benefit through the Washington State Department of Labor and Industries (L&I). The program is a risk pool that rewards employers who minimize their industrial insurance losses. Through Program participation, the District receives refunds on L&I premiums when total claims for the pool members are less than the L&I premiums paid by the participants. Over the past three years, the District has received just over \$37,000 in refunds based on the pool’s performance.

The WASWD Retro Program administrator, [Archbright](#), manages claims of participating members, reducing the costs through timely closure of claims, discovery of over-payments, and aggressively managing return-to-work efforts. Archbright’s current administrative fee is 4% of the collective workers’ compensation premiums paid to L&I. Archbright’s rate has remained unchanged for the past five years (since they took over as administrator) and is below the rate they charge other retro groups that they administer.

Archbright requested WASWD increase the administrative fee to 5% to address increased operational/staffing costs and expanded program requirements implemented over the past few years (creation of a merit-based refund approach and addition of light duty return-to-work provisions being a couple of examples). WASWD countered with a phased increase of:

- FY2026: increase to 4.5%
- FY2027: increase to 5.0%

Archbright agreed to WASWD’s request. Attached is a revised agreement between WASWD and the District for participating in the Retro Program. No revisions to the existing agreement have been proposed, aside from the administrative fee increase (note that the agreement reflects increases of 5.5% and 6.0% for FY2026 and FY2027, respectively; this reflects the Archbright fee plus WASWD’s existing 1% administrative fee).

FISCAL IMPACT

While the administrative fee increases by 0.5% and 1.0% for FY2026 and FY2027, respectively, actual fiscal impact will depend upon how the pool performs.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

Financial Viability

RECOMMENDED BOARD ACTION

Staff recommends that the Board approve the updated agreement.

PROPOSED MOTION

A recommended motion is:

“I move to authorize the General Manager execute the updated Retrospective Rating Plan Agreement with the Washington Association of Sewer and Water Districts, as presented.”



RETROSPECTIVE RATING PLAN AGREEMENT UPDATED JUNE 2026

THIS AGREEMENT is made by and between the WASHINGTON ASSOCIATION OF SEWER & WATER DISTRICTS, a Washington nonprofit corporation (“WASWD”) and LAKE WHATCOM WATER & SEWER DISTRICT, a Washington special purpose district (“Member”).

RECITALS

- A. WASWD is a retrospective rating group sponsoring entity under Chapter 51.18 RCW and has entered into a retrospective rating group agreement with the Department of Labor and Industries (“Department”).
- B. The Member is an employer that qualifies for the retrospective rating plan under Chapter 51.18 RCW and its implementing regulations, has been approved by the Department to be a participant in the plan, and has been approved for membership by the WASWD Board.
- C. WASWD enrolls in a plan each year to enhance the safety of all members and to maximize refunds while minimizing potential liability to WASWD group members. The coverage period for each plan year is July 1 through June 30 (“coverage period”).
- D. The Member desires to participate in WASWD’s group. WASWD and the Member desire to enter into this Agreement to state their respective duties and rights with regard to the retrospective rating plan.

AGREEMENT

The parties agree as follows:

- 1. Plan administration.
 - 1.1 WASWD shall provide for administration of the retrospective rating plan (“plan”) through either a Third Party Administrator (TPA) or WASWD employees, at the discretion of WASWD.
 - 1.2 The Member shall cooperate with the Department of Labor & Industries, TPA staff members or their representatives, and any others authorized by the WASWD Retro Committee (Committee) to assist the group in claims review, claims management, claims appeal and adjudication, and any other reasonable request that will reduce claims costs.
- 2. Payment for plan administration. For plan administration during the coverage period of July 1, 2026 through June 30, 2027, the Member shall pay five point five percent (5.5%) of its Department composite premium for the four quarters immediately preceding the coverage period. For plan administration during the coverage period of July 1, 2027 through June 30, 2028 and going forward, the Member shall pay six percent (6%) of its Department composite premium for the four quarters immediately preceding the coverage period. Within the first 2 months

of a coverage period, WASWD shall send to the Member an invoice for the administration payment, which shall be due within 60 days of the date of the invoice.

3. Group refunds and additional assessments.

3.1 Approximately 10 months after a coverage period, and twice annually thereafter, the Department will evaluate the group's losses for the coverage period, and will notify WASWD of a group refund or additional assessment for the coverage period. The Member is encouraged to track its own positive loss ratio reports, which are prepared by the Department. WASWD may protest or appeal the evaluation decision within 60 days of the date of the notice. The Committee shall hold a meeting at least 7 business days before the deadline for filing a protest or appeal, and submit its recommendation, together with analysis and documentation, to WASWD at least 5 business days before the deadline for filing a protest or appeal. The WASWD Executive Director shall determine whether to file a protest or appeal based on the best interests of WASWD.

3.2 If a protest or appeal of an evaluation decision is filed, the Member shall be responsible for its prorated share of the costs of the protest or appeal, including attorneys' fees and interest, based upon the Member's percentage of the total premiums paid by all Members participating in the plan during the coverage period.

3.3 The Member and WASWD agree that the total amount of refund issued by the Department will be distributed at the discretion of the WASWD Retro Committee consistent with the following guidance:

3.3.1 The timing and amount of program distributions will be based on the WASWD Retro Committee's evaluation of potential future retrospective adjustments for the Plan Year and the objective to return as much as possible of the retrospective premium return. Refunds not returned in a given year will be held in the Retro bank account to be distributed as early as is practical.

3.3.2 The timing and amount of distributions to each Member will be determined in accordance with a formula established by the Committee based on the following:

3.3.2.1 Each Member's percentage of the Plan's total Standard Premium for the Plan Year, and

3.3.2.2 Each Member's individual loss record for the Plan Year, and

3.3.2.3 Each Member's compliance with programs designed to maximize the Plan's returns, and

3.3.2.4 Compliance with the terms of this Agreement, and

3.3.2.5 The Committee will determine the relative weight given each of these factors.

3.4 Distributions will be made as follows:

3.4.1 Distributions are made only to members who, at the time of the distribution, are in good standing with WASWD, and who have complied with all terms of this Agreement.

3.4.2 All distributions will be made to the Member under the Department's account number, including subaccounts, and the Member must maintain a relationship with WASWD under such account number during the term of this Agreement including all Adjustment Periods.

3.4.3 Member authorizes the WASWD Retro Committee to withhold from any premium refund distribution to the Member, and to pay to WASWD any and all amounts due and payable from Member to WASWD including any assessments for failure to comply with the rules contained in this Agreement.

3.5 Whenever there is enough return to do so, all participants will receive an amount equal to the service fee they paid to participate.

3.6 WASWD reserves the right to withhold from the Member refund or net refund any plan administration fee and any costs of a protest or appeal that are due and owing.

3.7 WASWD reserves the right to withhold from the Member refund or net refund any debt owed by the Member to the Department that the Department has withheld from the group refund.

3.8 WASWD reserves the right to pay the additional assessment to the Department in installments as authorized by statute and regulation.

3.9 The additional assessment for the Member for a coverage period shall be the group additional assessment for that year, multiplied by the Member's percentage of the total premiums paid by all Members participating in the plan during the coverage period.

3.10 WASWD shall distribute refunds as soon as is practical. WASWD shall send an invoice for an additional assessment or net additional assessment, together with the costs of the protest or appeal if any, to the Member within 60 days of receipt of the group notice, or within 30 days of the final decision on a WASWD appeal of the notice, whichever occurs last. The Member shall pay the invoice within 45 days of receipt. Delinquent invoices shall accrue interest at the rate of 12 percent per year.

4. Selection of additional Members. The Member acknowledges that the Retrospective Rating Committee may admit to the group WASWD members of any kind which satisfies the requirements of Chapter 51.18 RCW and Chapter 296-17B WAC, and their amendments, and any rules adopted by the Retrospective Rating Committee. WASWD reserves the right to enter into an

agreement with such qualified Member that is materially and substantially similar to this Agreement.

5. Other Responsibilities of Member.

- 5.1 Member agrees to be bound by all rules and regulations governing Group Retrospective Rating Plans in the State of Washington, and by all Committee decisions and actions.
- 5.2 Member agrees to develop and maintain the following programs to facilitate the return of injured employees to the workplace:
 - 5.2.1 To develop and maintain a formal transitional light duty return to work program as required by the Committee in order to facilitate the early and timely return of injured employees to the workplace. Member agrees to provide light duty for at least 150 days from the day the injured worker is provided restrictions or modified duties by the injured worker's health care provider, unless the worker is able to return to job of injury sooner. Member understands and acknowledges that transitional light duty programs are a primary means and the expected responsibility of Member to assist with managing its workers' compensation claims effectively.
 - 5.2.2 To adopt a Kept on Salary (KOS) back-up procedure to Member's transitional light duty programs.
 - 5.2.3 In the event Member fails or decides not to engage in transitional light duty programs to facilitate returning an injured employee to work, Member agrees to maintain the individual on full wages and benefits for up to one hundred and fifty (150) days through a KOS Program. The 150-day KOS period will begin from the day the injured worker is provided restrictions or modified duties by the injured worker's health care provider, upon verification by the TPA staff that Member has failed or decided not to return the individual to work under its light duty programs.
 - 5.2.4 Failure to implement or utilize transitional light duty programs, and/or a KOS Program, will be considered material noncompliance by the Member and may result in additional assessments against Member, reduced individual premium return distributions, and/or required returns of previously distributed premium refunds, invoiced fees if the individual return is non-existent or insufficient and/or denying participation in subsequent plan years, as determined by the WASWD Retro Committee.
- 5.3 The Member will allow TPA staff members or their representatives to perform safety and health inspections for review of the safety procedures and practices, frequency and severity of illnesses and accidents, etc., of Member, and to follow all recommendations that result from those safety and health inspections.
- 5.4 The Member will cooperate fully with the Department, TPA staff members or their representatives, and any others authorized by the Committee to assist the group in claims review, claims management, claims appeal and adjudication, and any other reasonable request that will reduce claims costs.

- 5.5 The Member agrees that decisions regarding all aspects of claims management including but not limited to claim allowance, claim rejections, and the nature and scope of benefits paid, decisions to protest or appeal any Department action, and any decisions made regarding the status and resolution of any claim shall be made by TPA with input from the Member, the WASWD Retro Committee, and WASWD, if those entities so desire. The Member also agrees to cooperate fully with the TPA in any proceedings before the Department, the Board of Industrial Insurance Appeals, or any reviewing court in the event there is an appeal, filed by any aggrieved party in any matter in which the Member is a party or a potential party.
6. Member withdrawal from Plan.
- 6.1 The Member may withdraw from the plan only at the end of a coverage period (July 1 through June 30). If the Member desires to withdraw from the plan at the end of a coverage period, it shall notify WASWD in writing by May 31st of the coverage period of its intent to withdraw from the plan. WASWD shall file a notification of the withdrawal with the Department by June 30th of the coverage period.
- 6.2 If a Member leaves active participation in the Retro program, in order to maintain rights to future refunds the Member will have to pay 10% of the premium for the past four quarters for each of the three years of remaining refund potential. This service fee will be invoiced and must be paid upon exiting the program. Refusal to pay will result in forfeit of any future refund Member may have earned. In the event of an assessment during the Member's participation in a plan year, the Member shall be responsible for their portion of the assessment, pursuant to the terms of this Agreement.
7. Statute and rule compliance. The Member and WASWD agree to be subject to and comply with Chapter 51.18 RCW and its implementing regulations, Chapter 296-17B WAC, and their amendments.
8. Release and waiver of liability. The Member releases WASWD, its officers, board of directors, employees and consultants, from any liability whatsoever arising from any claim, damage or loss asserted by the Member due to the Member's participation in the plan.
9. Retrospective Rating Committee. The Member acknowledges that to carry out the plan consistent with this Agreement, WASWD has established a Retrospective Rating Committee as follows:
- 9.1 Membership. The Committee consists of 9 Members elected by the Members of the group; provided that if there are less than 9 Members of the group, the Committee will consist of an odd number of Members that is equal to or less than the number of Members in the group. Of the 9 seats, up to 3 can be held by non-general members, but at least one of those 3 seats shall be held by a non-district utility member. If there are no candidates for the one non-district utility member position, the Committee may appoint any other type of member to fill that position. A member is a commissioner, Director or employee of a

Member participating in WASWD's retrospective rating plan. Each Member can have only one member on the Committee.

- 9.2 Committee meetings. The meetings of the Committee are open to all members of WASWD, as defined in the WASWD Bylaws.
 - 9.3 Terms of Members. The terms of the members are 2 years, with the initial terms of 4 members being 1 year and 5 members being 2 years.
 - 9.4 Quorum. If there are 9 Committee members, a quorum is 5 Committee members. If there are less than 9 Committee members, a quorum is a majority of the Committee members. A Committee member must appear in person or remotely at a meeting, and cannot be replaced by a representative or delegate.
 - 9.5 Committee rules. Consistent with this Paragraph, the Committee is authorized to adopt its own rules of procedure, a copy of which must be filed with WASWD staff within 14 business days of adoption. The rules may include criteria and requirements for admission of new members to the group, readmission of former members to the group, and removal of members of the group. A copy of the current rules is attached to this Agreement. If the Committee amends the rules, WASWD staff will send a copy of the amended rules to the Members. The Member acknowledges and agrees to the Retrospective Rating Program Group Rules, herein incorporated by reference.
10. Effective date and termination.
 - 10.1 This Agreement shall be effective on July 1, 2026 and shall remain in effect until terminated by either party as stated in this paragraph.
 - 10.2 If the Member elects to terminate its membership in WASWD, this Agreement shall terminate at the end of the coverage period.
 - 10.3 Either party may terminate this Agreement by notice of termination personally delivered or sent to the other in writing, by May 31st of a coverage period, to be effective at the end of the coverage period.
 - 10.4 If the Member withdraws from the plan at the end of a coverage period, this Agreement shall be terminated.
11. Attorney's fees. In the event of any conflict, claim or dispute between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party all reasonable costs and expenses of every sort whatsoever including, but not limited to, mediation fees and actual attorneys' fees incurred or expended, whether incurred or expended in arbitration or trial or on appeal.
 12. Entire agreement. This Agreement contains all terms, conditions and provisions agreed upon by the parties, and shall not be modified except by written amendment of the parties.

- 13. Venue and jurisdiction. The Superior Court of King County, Washington, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

- 14. Successors in interest. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective successors in interest and assigns of the parties.

WASHINGTON ASSOCIATION OF
SEWER & WATER DISTRICTS

LAKE WHATCOM WATER & SEWER
DISTRICT

By _____
Its President

By _____
Its General Manager

Dated: _____

Dated: _____


By _____
Its Secretary

Dated: _____



**AGENDA
BILL
Item 6.B**

**Utility Rate Design
Alternatives Discussion**

DATE SUBMITTED:	June 2, 2026	MEETING DATE:	June 10, 2026
TO: BOARD OF COMMISSIONERS	FROM: Jenny Signs, Finance Manager		
GENERAL MANAGER APPROVAL			
ATTACHED DOCUMENTS	1. Water Rate Scenario Modeling		
TYPE OF ACTION REQUESTED	RESOLUTION <input type="checkbox"/>	FORMAL ACTION/ MOTION <input type="checkbox"/>	INFORMATIONAL/ OTHER <input checked="" type="checkbox"/>

BACKGROUND / EXPLANATION OF IMPACT

During the regularly scheduled Board meeting on May 27, 2026, the Board requested the evaluation of three rate design scenarios:

- The current 600 cubic foot (cf)/2500 cf/Infinity Tier Design
- A modified 600 cf/1800 cf/Infinity Tier Design
- A 600 cf/1800 cf/Infinity Design with a 40% differential applied to Tier 2 consumption (the current, which is modeled in the second scenario, is 25%)

The scenarios compare how different rate designs affect customer bills, revenue generation, debt service coverage, and the long-term financial sustainability of the Water Utility Fund. All three of these scenarios support the District's operating and capital needs. However, they differ in how revenue is generated from customers. The modified tier designs generate additional revenue, improve debt service coverage, and place a greater share of system costs on higher-volume users while the current model has less impact on the customer's bill.

What has been built into the three designs, as a means of comparing the current rate design to proposed rate designs, is maintaining the contingency reserve fund at \$460,000, discontinuing contributions to the capital surplus, and increasing the annual capital program budget to the recommended \$639,000. Once a rate design is selected by the Board, we can model multi-year rate structures that implement different policy scenarios.

The attached financial projections and customer bill comparisons are intended to assist the Board in selecting a preferred rate design moving forward.

FISCAL IMPACT

No fiscal impact is anticipated with discussion of the District's rate structure. Should the rate structure be revised, rates will need to be set at levels that support continued financial viability of the District.

APPLICABLE EFFECTIVE UTILITY MANAGEMENT ATTRIBUTE(S)

Financial Viability

Customer Satisfaction

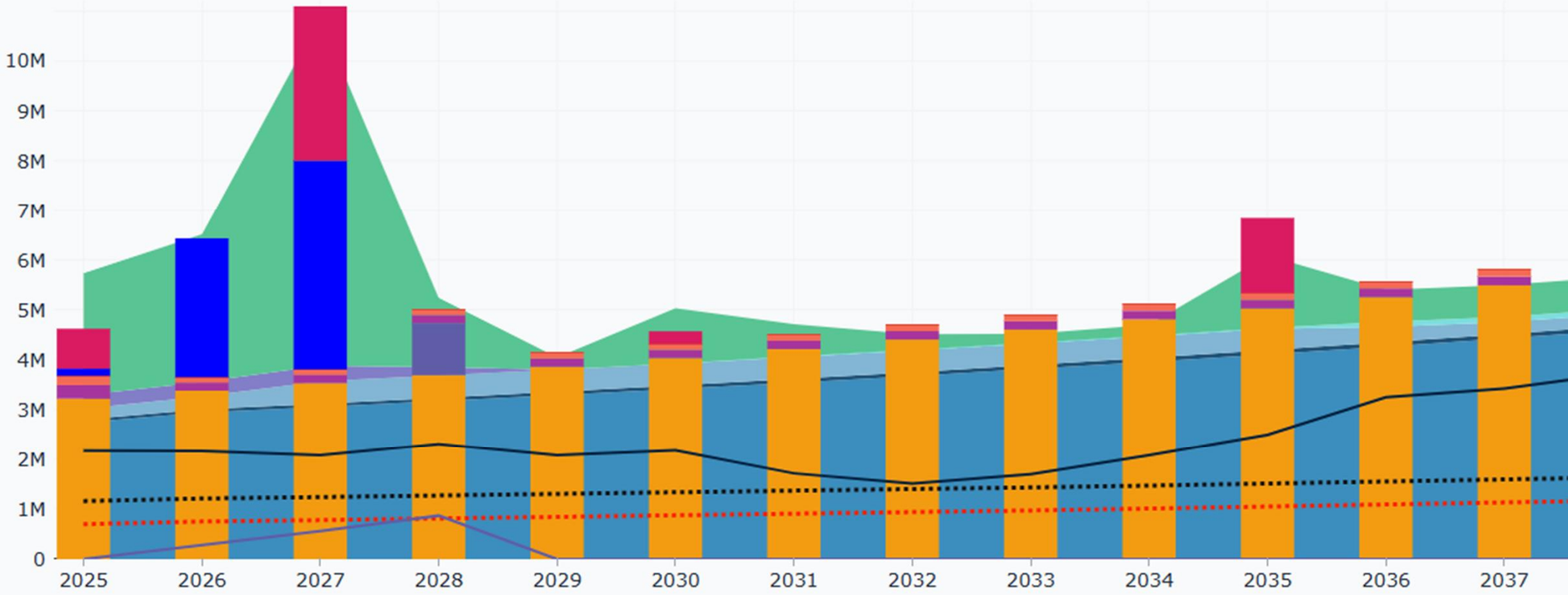
RECOMMENDED BOARD ACTION

None.

PROPOSED MOTION

Not applicable.

Current Rate Design – 600/2500/Infinity

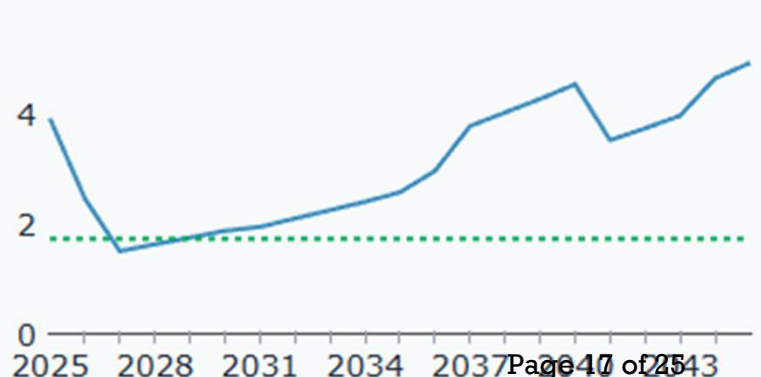


Key Points to Note:

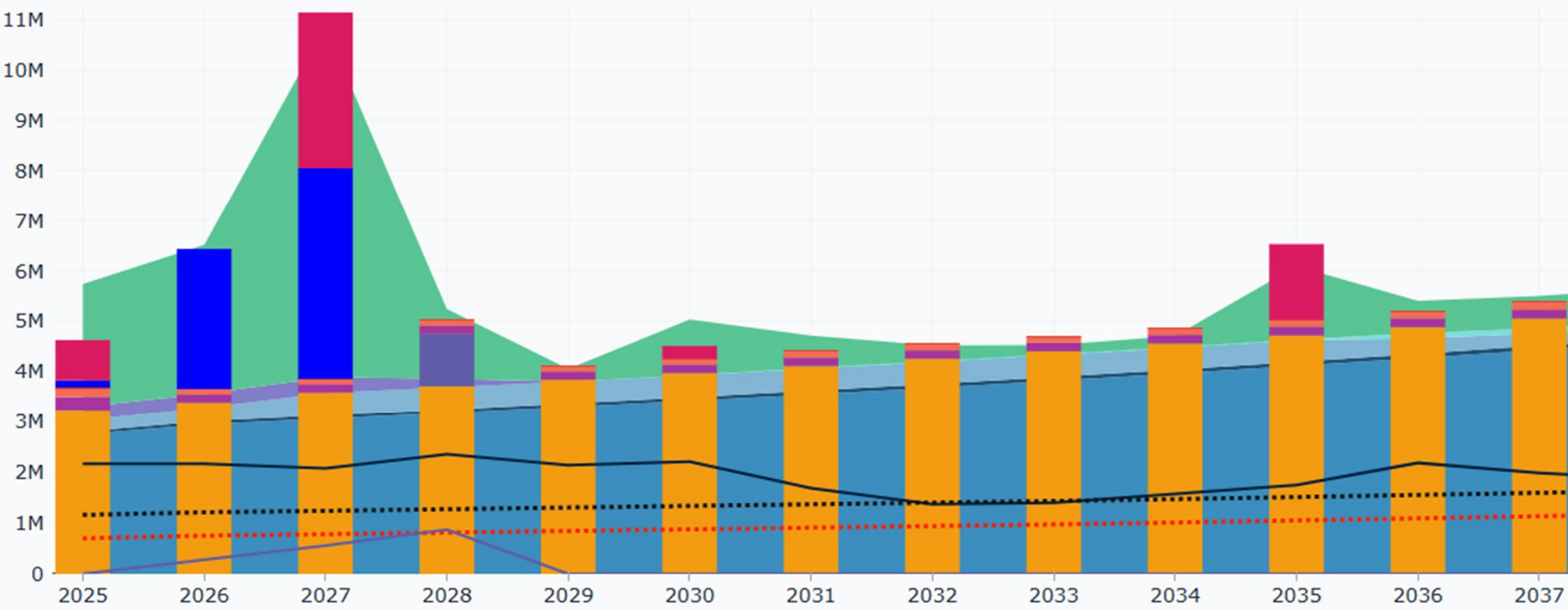
- Maintain \$460,000 Contingency (Black Dotted Line + Red Dotted Line)
- Discontinued Capital Surplus contributions in 2028
- 4.5% Rate Increases YOY
- 1.53 Debt Service Coverage in 2027
- 2026 Budgeted Revenue in Sales = \$3,385,455
- 2027 Projected Revenue in Sales = \$3,537,800

Debt Service Coverage

Target **1.75**



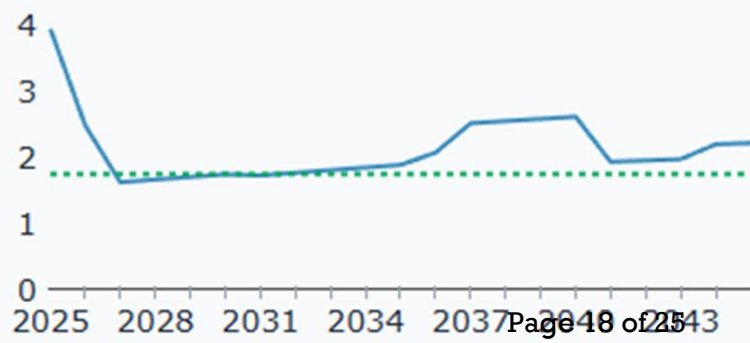
600 Base/1800 Tier 1/Infinity Tier 2



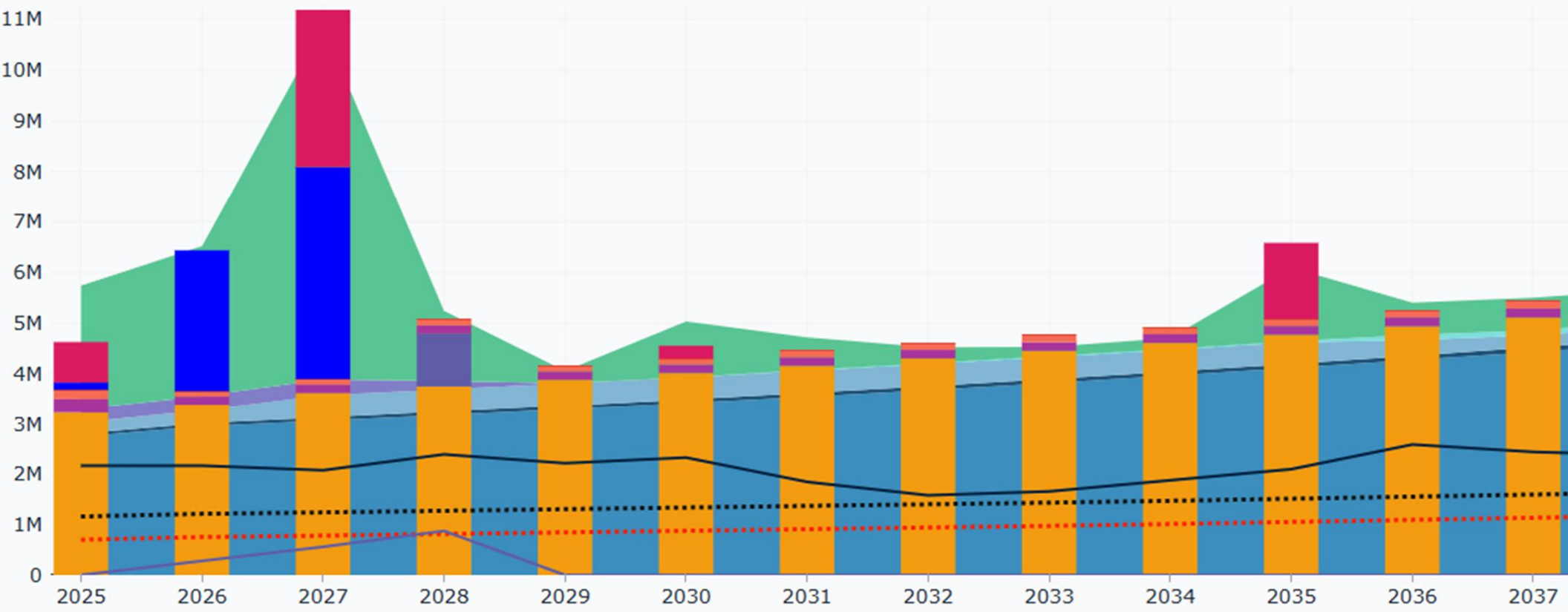
Key Points to Note:

- Maintain \$460,000 Contingency (Black Dotted Line + Red Dotted Line)
- Discontinued Capital Surplus contributions in 2028
- 3.5% Rate Increases YOY
- 1.63 Debt Service Coverage in 2027
- 2027 Projected Revenue in Sales = \$3,582,757
- Generates 5.8% more revenue in 2027 compared to current 2026 budget

Debt Service Coverage Target 1.75



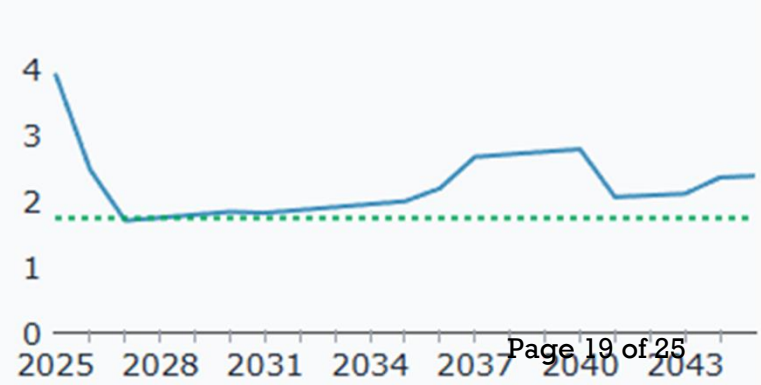
600 Base/1800 Tier 1/Infinity Tier 2 – 40% Differential



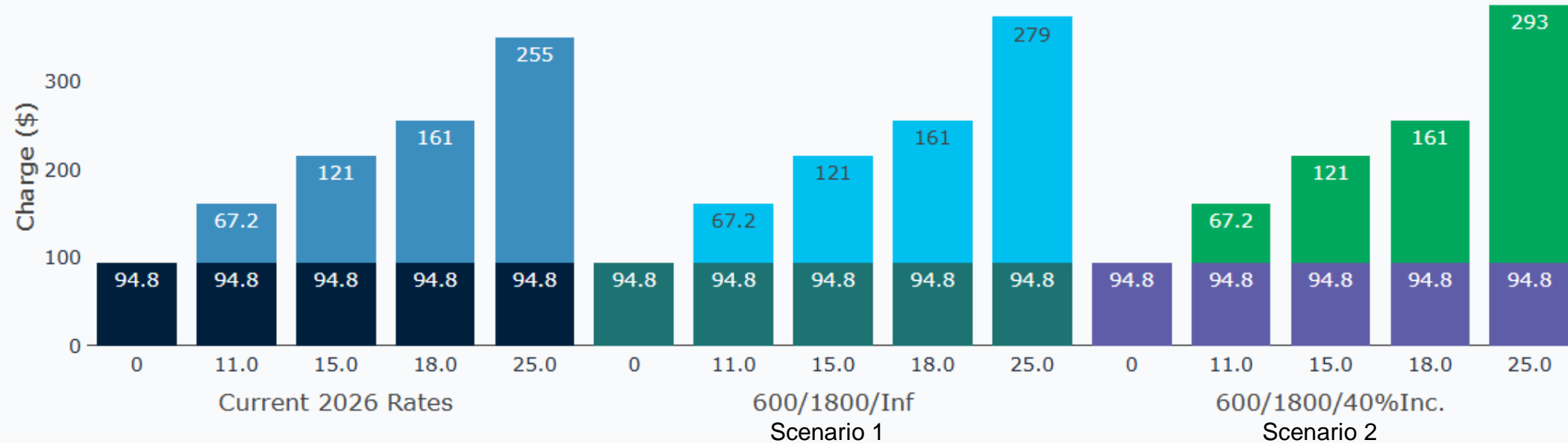
Key Points to Note:

- Maintain \$460,000 Contingency (Black Dotted Line + Red Dotted Line)
- Discontinued Capital Surplus contributions in 2028
- 3.5% Rate Increases YOY
- 1.71 Debt Service Coverage in 2027
- 2027 Projected Revenue in Sales = \$3,621,413
- Generates 7% more revenue in 2027 compared to current 2026 budget

Debt Service Coverage Target 1.75



Community Cost Comparison – 2026 Rates



This chart illustrates the estimated bi-monthly customer bill under the three different rate designs using 2026 rates. This demonstrates how each scenario affects a customer's bill at various levels of water consumption.

- Under the current rate design, customers pay less overall compared to the other two scenarios.
- Under the 600 cf Base/1,800 cf Tier 1/Infinity Tier 2 design, users see larger increases in their bill beyond 1,800 cf.
- With a larger increase (40%) in rates between tier 1 and tier 2 in scenario 2, higher consumption customers could pay approximately \$40 more per billing cycle for usage above 1,800 cf compared to the current rate design.

Comparisons

	Current Structure	600/1800/Infinity	600/1800/Infinity 40% Differential Tier 2
2026 Revenue w/ 2026 Rates	\$3,385,455	\$3,461,987	\$3,498,950
2027 Projected Revenue	\$3,537,800	\$3,582,757	\$3,621,413
Debt Service Coverage in 2027*	1.53	1.63	1.79
Proposed Rate Increase**	4.5%	3.5%	3.5%
Bimonthly 2027 Rates	Base \$99.03 Tier 1 \$14.04 Tier 2 \$17.58	Base \$98.09 Tier 1 \$13.91 Tier 2 \$17.41	Base \$98.09 Tier 1 \$13.91 Tier 2 \$19.48
Customer Base Breakdown	35% Base 62% Tier 1 3% Tier 2	35% Base 58% Tier 1 7% Tier 2	35% Base 58% Tier 1 7% Tier 2

* Water Utility Fund & Sewer Utility Fund Debt Service Coverage policy is 1.75 (2.7 Combined in 2026)

** Doesn't include additional funds being allocated to the contingency reserve; increases annual capital budget; no continued contributions to the capital surplus



**AGENDA
BILL
Item 8.A**

**General Manager's
Report**

DATE SUBMITTED:	June 4, 2026	MEETING DATE:	June 10, 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, June 10, 2026 – 6:30 p.m.

Important Upcoming Dates

Lake Whatcom Water & Sewer District			
Regular Board Meeting	Wed Jun 24, 2026	8:00 a.m.	Board Room/Hybrid
Employee Staff Meeting	Thu Jun 11, 2026	8:00 a.m.	Board Room/Hybrid Commissioner Knakal assigned
Investment Comm. Meeting	Wed Jul 29, 2026	10:00 a.m.	Board Room/Hybrid
Safety Committee Meeting	Thu Jun 25, 2026	8:00 a.m.	Board Room
Lake Whatcom Management Program			
Policy Group Meeting	Wed Sep 2, 2026	3:00 p.m.	City of Bellingham Pacific St Ops Center, 2221 Pacific Street
Joint Councils Meeting	Spring 2027	TBD	TBD
Other Meetings			
WASWD Section III Meeting	Wed Jun 9, 2026	6:00 p.m.	Bob’s Burgers 8822 Quil Ceda Pkwy, Tulalip, WA
Whatcom County Council of Governments Board Meeting	Wed Oct 14, 2026	3:00 p.m.	Council of Governments Offices 314 E Champion Street/Hybrid

Committee Meeting Reports

Safety Committee:

- The committee met on May 28; discussion included status of the L&I START certification, progress on review of safety programs, and scheduling of annual respirator fit tests/medical evaluations.

Investment Committee:

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

Upcoming Board Meeting Topics

- 2027-31 utility rate structure review/adoption
- On-call engineering services contract award
- 2025-26 Budget Amendment No. 2 approval
- Glen Cove Water Association merger consideration
- 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.
An overview of the District's rate structure and history was provided during the April 8 and 29 board meetings; discussion of water rate design alternatives is scheduled for the June 10 board meeting and review of a proposed rate program is scheduled for June-July meetings.

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 program.

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 board postponed the EUM assessment and strategic plan update to 2027 during its April 29 meeting.

APWA Accreditation

- Continue work towards multi-year effort to gain American Public Works Association accreditation.
The accreditation team is in the process of reviewing/completing the 273 accreditation practices applicable to the District (142 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.
The updated risk assessment was submitted to USEPA on May 26.

- 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 emergency response plan has been initiated.

Safety Program Update

- Continue systematic review and revision of District’s safety programs by updating nine (9) programs in 2026.

Staff has finalized updates to four (4) programs (personal protective equipment, medical emergencies, hearing conservation, and office safety) and are reviewing the sodium hypochlorite, back injury prevention, welding, cutting & brazing, and heat-related illness programs.

L&I START Program

- Initiate a multi-year effort to obtain District certification through the Washington State Department of Labor & Industries (L&I) Safety Through Achieving Recognition Together (START) program.

The risk management assessment component was completed by L&I on February 11 (report received on May 27), and the industrial hygiene and health and safety assessments were conducted on April 30 with employee interviews performed on May 21.

Community/Public Relations

General

- Website

The District’s web content is reviewed and updated on a regular basis. The District is currently considering addition of a function to the website that converts .pdf documents on the website to meet Web Content Accessibility Guidelines (WCAG).

- Social Media

Posts are made to District Facebook, LinkedIn, and Nextdoor pages regularly; Nextdoor is also routinely monitored to identify District-related posts.

- Press Releases

Press releases were issued on January 30 (Commissioner Ford resignation), April 2 (Rep. Larsen earmark), and April 9 (Commissioner Greif appointment).

Intergovernmental Relations

- *J Clary attended Whatcom County Natural Hazards Mitigation Plan update open house on June 2.*
- *J Clary is scheduled to attend the WASWD membership committee and Section III meetings on June 9.*

Lake Whatcom Water Quality

Lake Whatcom Management Program

- Participate in meetings of Lake Whatcom Management Program partners.

J Clary attended the leadership team meeting on May 28 and policy group meeting on June 3.