

WEST SOUND UTILITY DISTRICT  
Minutes of Regular Meeting of the Board of Commissioners  
Held in Office Building  
2924 SE Lund Avenue, Port Orchard, WA 98366  
Monday, April 6, 2009 and Tuesday, April 7, 2009

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Chairperson: Jerry Lundberg  
Vice Chairperson: James Hart  
Secretary: Bill Huntington  
Commissioner: Jeannie Screws  
Commissioner: Susan Way

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Attending: Larry Curles, General Manager  
John Poppe, Plant Manager  
Joe Redfern, Operations Foreman  
Sue Fowler, Customer Service Manager  
Denita Patton, Finance Manager  
Deena Carpenter, Customer Service Assistant  
Richard Gross, District Attorney

The meeting was called to order by Commissioner Lundberg at 4:30 PM

PUBLIC COMMENTS ON NON-AGENDA ITEMS

None

BOARD DISCUSSION/ACTION

Approval of Board Minutes of March 16, 2009

Commissioner Huntington moved to approve the minutes of the March 16, 2009 Board meeting. The motion to approve the Board minutes, seconded by Commissioner Hart, passed unanimously.

Resolution 113-09 Step Increase for Accounting Specialist Elliott

Accountant Specialist Elliot has received her annual evaluation and has been recommended for her step increase. Commissioner Huntington moved to approve Resolution 113-09 to approve the promotion of Accounting Specialist Elliott to Step 3, Pay Grade 10 for a wage of \$3,471,887 per month. The motion, seconded by Commissioner Way passed with four ayes and no nays. Commissioner Screws abstained.

### Resolution 114-09- Modification of Bond Funds

This resolution would modify existing funds to accommodate the requirement for a 2009 Revenue Bond reserve fund. Commissioner Hart moved to approve Resolution 114-09 to modify the District's reserve funds. The motion, seconded by Commissioner Screws, passed unanimously.

### Resolution 115-09 Establishing a Credit Card Policy

The General Manager noted that both Annapolis Water District and Karcher Creek Sewer District had a credit card policy that was essentially the same, but referred to different employees. The proposed resolution would use the same credit card policy and reflect the current organization. Commissioner Screws moved to approve Resolution 115-09 to establish the District credit card policy. The motion, seconded by Commissioner Huntington, passed unanimously.

### Resolution 116-09 Modifying Revolving Cash Drawer Fun Policy

This resolution would modify the amount of money in the revolving cash drawer fund from \$200 to \$100. Commissioner Hart moved to approve Resolution 116-09 to modify the amount of money in the revolving cash drawer fund from \$200 to \$100. The motion, seconded by Commissioner Screws, passed unanimously.

### Report on the Awarding the Grease Interceptor Contract for Blake Island.

Pursuant to the policy for issuing an emergency contract for the Blake Island grease interceptor, the General Manager reported the project's findings to the Board. The report is attached to the minutes.

### Discussion to Utilize Class B and Class A Biosolids on Private Land

Plant Manager Poppe reported that the South Kitsap Water Reclamation Facility (SKWRF) has an opportunity to use its biosolids to fertilize a hay crop and to establish parameters for future use of the biosolids. The SKWRF can use Sound Gro, a Class A biosolids, to fertilize 5 to 10 acres of property owned by the Olympic Products Group near Hansville. The hay would be grown and tested for any by-products, and it could also be used for agricultural purposes as feed for cattle. Once the District gets its Class B land application permit, that material can be used on the same fields. The data from the Class A application can then be compared with the Class B data to demonstrate the environmental benefits of using biosolids. The possible cost of this spring utilization of biosolids would be \$8,000 to \$10,000.

The discussion included the definition of organic and the benefits to the rate payers. The "organic" definition does not provide for the use of biosolids for fertilizers.

This topic will be brought up at the next Sewer Advisory Committee.

## ATTORNEY'S REPORT

District Attorney Rick Gross reported he advised Mr. Gilstrap's attorney that the Notice of Encroachment has been recorded. He has since received a call from that attorney and asked for guidance from the Board. After discussing the alternatives, the Board decided that if the car port is to remain, the District will charge annual rent for it and require its removal after the end of the rental agreement. The rent will be \$200 with adjustments after a period of years. The Gilstrap's also have to reimburse the District's legal and administrative fees of about \$1200.

## PLANT MANAGER'S REPORT

Plant Manager John Poppe reported on the following:

- The plant is running well and within its permit parameters.
- The new administrative wall is constructed and is being painted.
- The walls in the remodeled operations room are almost completed.
- Kitsap County is discussing energy efficiency projects with him. The items concern geothermal and methane.

## OPERATIONS FOREMAN'S REPORT

Operations Foreman Joe Redfern reported on the following:

- The water crew and sewer crew are cross training. They are going together to do pump runs and routine tasks. In May, one employee will be on call for both water and sewer.
- The trench on Converse Avenue has been patched and the project will soon be ready for the punch list.
- The District is using GPS to locate valves and meters on Sedgwick Road in preparation for the road widening.

## FINANCE MANAGER'S REPORT

Finance Manager Denita Patton reported that she is working on the 2009 revenue bond and the staff is working on the annual report.

## CUSTOMER SERVICE MANAGER'S REPORT

Customer Service Manager Sue Fowler reported she is doing a rate review to make sure the block rates are correctly inputted into Springbrook. She also has Kevin Long checking the commercial water meters to better determine which stores are served by specific meters.

The Chili cook off is scheduled for Friday.

## GENERAL MANAGER'S REPORT

The General Manger reported on the following:

- The District has sent a letter to the Legislature asking them to protect the Public Works Trust Fund.
- The managers are reviewing the proposed interlocal agreement and budget for assisting Hartstene Pointe Water Sewer District.
- The 2-year commitment for sewer for Mr. Don Pulisevich's Beach Drive tax lot 192402-4-042-2007 will be extended for one year.
- The District is processing an annexation of Sedgwick Meadows.
- Once the revenue bond is sold, the District needs to proceed with Well 22. This well would allow the District to have a second deep well to which the inchoate water rights can be transferred.
- The Karcher Creek plat will be building over a District water main that does not have an easement across the property. The District will need to negotiate a new easement.
- A Sedgwick water and sewer latecomer fee is being prepared to recoup the investment in the new extensions.
- The staff is working on a disclaimer for the use of biosolids, as requested by the Sewer Advisory Committee.

Commissioner Hart recommended a latecomer fee for properties outside the Fred Meyer's sewer latecomer jurisdiction, but using that infrastructure. This would be to help pay for the eventual expansion of the system.

## COMMISSIONER'S REPORT

- Commissioner Screws reported that she will attend the Washington Association of Sewer and Water Districts (WASWD) Spring Conference. She did attend the Leadership Development Committee, Section 2 meeting, and Board of Directors meeting.
- Commissioner Way attended the Section 2 and Risk Pool meeting.
- Commissioner Huntington discussed the need for a trip to Washington DC to secure funding for the reclaimed water system. The consensus was that the trip should not be scheduled in 2009.
- Commissioner Hart attended the Section 2 meeting. He discussed the need for procedures to allow citizens to tap into the reclaimed water system. He would like to use the water for irrigation at his home.
- Commissioner Lundberg had nothing to report at this time.

## SIGN VOUCHERS AND RESOLUTIONS

The Board signed April accounts payable vouchers, as indicated on the attached summary sheet.

CONTINUED

At 5:25 PM, Commissioner Screws moved to continue the meeting to 5:00 PM, Tuesday, April 7, 2009 to conclude the revenue bond sale. The motion, seconded by Commissioner Way, passed unanimously.

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At 5:00 PM, Tuesday, April 7, 2009, Commissioner Lundberg reconvened the Board meeting to conclude the agenda from April 6<sup>th</sup>.

Those in attendance were:

Chairperson: Jerry Lundberg  
Vice Chairperson: James Hart  
Secretary: Bill Huntington  
Commissioner: Jeannie Screws  
Commissioner: Susan Way (Absent due to a scheduling conflict)

Attending: Larry Curles, General Manager  
Sue Fowler, Customer Service Manager  
Denita Patton, Finance Manager  
Deena Carpenter, Customer Service Assistant

Audience: David Trageser, D.A. Davison  
Alice Ostdiek, Attorney, Foster, Pepper  
Tracy Fantz  
Rassy Elliot

Conclude the 2009 Revenue Bond Actions to include the Bond Resolution, the Refunding Trustee Agreement, and the Bond Purchase Agreement

The General Manager introduced David Trageser, Senior Vice President of D.A. Davison and Alice Ostdiek, Bond Attorney, from Foster, Pepper. He advised the Board that the revenue bonds were offered for sale that morning and that he had given the verbal approval to conclude the sale.

David Trageser reviewed the bond offer and discussed the details of the bond sale. The District has an AA- S&P rating which is very good for a utility district. The offerings were comparable with the similar revenue bond sale from Pasco, which had purchased insurance to obtain an AAA rating. The District projects are funded by this sale and the 1998 bonds have been refunded,

which provided a present value savings of about \$31,000 to the District. The District's existing reserves were substantial enough to provide the revenue bond's annual payments for the next year and add additional money for Well 22. The interest rates ranged from 1.25% to 4.85% and the long term bonds will be sold later this week. Bond closing is April 28<sup>th</sup>.

Discussion from the Board included the cost of the bond measure, such as the underwriter's fee and the general market conditions.

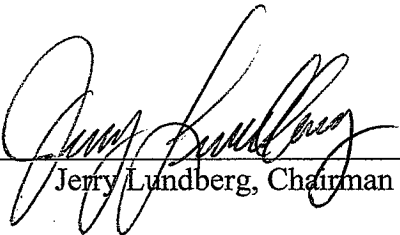
Alice Ostdiek provided the Board with Resolution 117-09 and a summary of the bond resolution.

Commissioner Screws moved to approve Resolution 117-09 which is the Bond Resolution, the Refunding Trustee Agreement, and the Bond Purchase Agreement. The motion, seconded by Commissioner Huntington, passed unanimously.

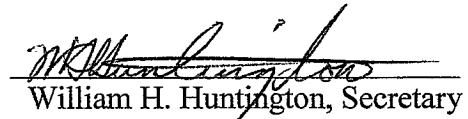
The required documents were signed.


ADJOURN

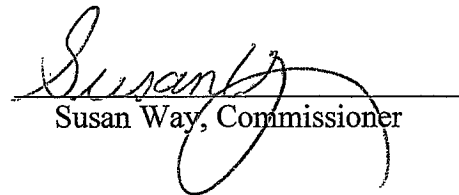
Commissioner Screws moved to adjourn the meeting. The motion, seconded by Commissioner Huntington, passed unanimously. The meeting was adjourned at 5:20 P.M.

  
Jerry Lundberg, Chairman

  
James J. Hart, Vice Chairman

  
William H. Huntington, Secretary

  
Jeannie Screws, Commissioner

  
Susan Way, Commissioner

RE: Blake Island Grease Interceptor  
Findings

Pursuant to RCW 39.04.280: If an emergency exists and the District waived competitive bidding to address the declared emergency, written findings shall be prepared and entered into the record.

## CHRONOLOGY

August 12, 2008 The Washington State Parks and Recreation Commission declared the lack of a grease interceptor to be an emergency and requested construction assistance from West Sound Utility District. Due to funding issues and the temporary closure of the salmon bake facility, State Parks later asked the District to delay preparations to address this emergency. There was a possibility that the salmon bake facility would not re-open, which would eliminate the source of excessive grease.

October 21, 2008 West Sound Utility District adopted Resolution 76-08 which declares the lack of a grease interceptor an emergency and waived the requirement for competitive bidding.

February 2009 The Washington State Parks and Recreation Commission notified the District that it has determined that the salmon bake facility will reopen and the emergency determination was still valid. State Parks confirmed that it has the proper permits to proceed.

March 4, 2009 The District signs the construction contract with Ed Heuss Company, LLC to install a grease interceptor.

March 20, 2009 The required insurance and bonding is accepted by the District and the Notice to Proceed is issued.

## FINDINGS

1. The District, under contract to State Parks, operates the wastewater treatment plant.
2. The wastewater treatment plant on Blake Island did not have adequate controls to process grease that originated from the salmon bake facility on Blake Island.

3. Continuation of the salmon bake facility was a major threat to the proper operation of the island's wastewater treatment plant.
4. The salmon bake facility, under new management, is due to open in April 2009 and will again be producing excessive grease which cannot be properly processed by the wastewater treatment plant without grease interceptors.
5. Inadequate wastewater treatment will threat water quality on Blake Island.
6. Excessive grease will damage the wastewater treatment plant.

Submitted by



Lawrence J. Curles, P.E.  
General Manager

**PAYROLL AND ACCOUNTS PAYABLE VOUCHER INFORMATION  
APRIL 6, 2009 WSUD BOARD MEETING**

<b>APRIL 2009 PAYROLL:</b>	<b>91926</b>	<b>N/A</b>
	<b>91928</b>	<b>N/A</b>

<b>ACCOUNTS PAYABLE:</b>		<b>VOUCHER NUMBERS</b>	
	<b>91926</b>	16573 - 16599	18,868.32
		16600 - 16618	16,587.74
		16619 - 16640	89,363.02
			<hr/>
		<b>TOTAL 91926:</b>	<b>124,819.08</b>

	<b>91928</b>	8145 - 8161	21,102.04
		8163 - 8178	15,162.50
		8179 - 8199	17,089.06
			<hr/>
		<b>TOTAL 91928:</b>	<b>53,353.60</b>

	<b>91932</b>	8162	4,610.08
		8200	14.94
			<hr/>
		<b>TOTAL 91932:</b>	<b>4,625.02</b>