



BOARD OF DIRECTORS MEETING

April 4, 2019 – 3:00 p.m.

Bay Club

Minutes

Attending: Bill Dean, Steve Frenzl, Steve Hammond, Paul Hinton, Allan Kiesler (for Randy Deering), Tam McDearmid, Pat Page, Gil Skinner and Phyllis Waldenberg.

President Bill Dean called the meeting to order at 3:00 p.m. and noted that Alan Keisler was sitting in for Randy Deering.

I. Declaration of a Quorum.

Mr. Dean asked the Secretary if there was a quorum. Secretary Pat Page indicated that a quorum was present.

II. Notification of Meeting Being Recorded, Small Board Protocol and Presentation Protocol

Bill Dean stated that the meeting was being recorded and that the Small Boards Protocol was being used. Bill also reviewed the presentation protocol.

III. Amendments and Adoption of the Agenda.

Bill asked that under Community reports we add the Port Ludlow Post Office. Under Internal Reports, bill added the Bylaws change and Policy and Procedures change. Motion was made and seconded to accept the amendments to the agenda.

IV. County Report, Commissioner Greg Brotherton

Mr. Brotherton reported that the Commissioners and the Board of Health had passed a resolution to reduce unnecessary fees to obtain permits. He has also been attending land use seminars in addition to working on the Flood Plain policy due to the fact that FEMA is changing the way flood insurance maps are being created which could impact many residents of Port Ludlow. Greg will send a link to Bill Dean with the information.

V. PLA Report, Diana Smeland

Diana reviewed the improvements that had been made to the community services during the past few months which included the new roof at the Fireside Inn, roof repair at the Village Center, the installation of new hoops around the pilings at the marina. She stated that there were still some logs on the golf course, but as soon as the man who is hauling the logs has it in his schedule, he will remove those extra logs. In addition she stated that she would be completing the considerable paperwork required by the lending agencies for the OWSI loan which should be completed by July 1, 2019.

Diana noted that the housing market for homes over \$450K has slowed down and PLA is working to keep their teams busy. Diana noted that she was completing the Trails agreement with PLVC which is almost done. She is also working on a "Glassy Baby" pop up event on May 5 to be held in Olympic Terrace which will drive traffic to that development as well as working with the Port Ludlow Post Office on a "Cruising Cars" event each Wednesday starting at 4:00 p.m. throughout the summer. The wine merchant will provide refreshment and plans are for the new Mexican restaurant to serve tacos.

VI. Community Interest Reports

- a. Water Surcharge – Russ Michel, Utilities Committee Chair*
Russ Michel gave a comprehensive report containing up-to-date information regarding the Olympic Water and Sewer (OWSI) project including input from the Utilities and Transportation Commission, the Department of Health and from OWSI. The report appears at the end of this document. Public comments are currently being taken on-line. Please go to the Washington state Department of Transportation and Utilities web site and use Docket # 190160. These comments will be considered at the Commission's April 11 meeting.

Based on the report, the PLVC Utilities Committee recommends the following to the PLVC Board:

It is recommended that the Board take the position that clean water is essential within the Port Ludlow community and that Olympic Water and Sewer, Inc. (OWSI) should undertake appropriate steps necessary to ensure clean water is provided. It is a further position that how such action are paid for should be considered in a collaborative manner with OWSI, PLVC and the Washington State Utilities and Transportation Commission (WUTC).

It is further recommended that the Board not take a position at this time on the water surcharge application due to a current lack of adequate information.

Discussion followed Russ' presentation concerning additional information needed regarding making a recommendation on the surcharge, OWSI's ability to pay a greater percentage of the construction cost of the filtration plant, how the 30/70 split was determined.

(Subsequent to the meeting an email vote was taken to approve the recommendation-bold parentheses above) of the Utilities Committee made by Russ Michel. Motion was seconded and passed).

b. *Trails Committee – Dan Darrow for Tim Rensema*

Dan reported that the Trails committee has financial support from LMC, PLA, PLVC, SBCA. The Committee consists of Tim Rensema, Denny Schuch, Rich Meyers, Susie Darrow and Jane Navone. There is a new position of maintenance coordinator which is being filled by Marilee Mount. There are a total of 33 stewards who monitor the trails for fallen trees, etc. There are 11 major projects that have been completed or are currently being worked on which include: The renovated Interpretive Garden, the Teal Lake Loop, Picnic Point, new bridge at Niblicks, the bird houses have been cleaned and awaiting new tenants. They are also formalizing a new maintenance agreement with PLA. There is also a regular mowing program now in place for the summer. All total, about 150 hours of labor amounting to \$3,000 of volunteer labor.

Dan noted that a new column in the Voice titled Trails Mix will keep the community up-to-date on the Trails Committee activities. The next event will be the Scotch Broom Pull on May 8th. Volunteers are asked to sign up to pull the weeds and enjoy a hamburger afterward.

c. *Port Ludlow Post Office – Dave McDearmid*

It was brought to the attention of Dave McDearmid, Community Development Committee chair that the United States Postal Service contract with the Port Ludlow Post Office was to be terminated as of June 19, 2019. Frances the owner of the Port Ludlow Post Office (contract with the USPS) would like to see the post office remain in the Village. Diana Smeland noted that the Post Office pays a steeply discounted rent, but even with that benefit, it's difficult to make a profit without being able to accept credit cards. Dave noted that all the facts are not yet in, but wants the community to be ready to act in the event that action is

required in the form of letter writing, public hearing attendance, etc. He will keep the community informed via e-Blast.

Dave also reminded everyone that the Holiday Lights would be coming down on Friday, April 5, and all volunteers would be welcome. Wave Broadband and Lakeside Industries will be volunteering with bucket trucks and traffic control

VII. Homeowners Association Information

a. LMC – Randy Deering/Allan Kiesler

Allan reported that LMC had moved it's Annual Members meeting back one week to April 27 at 2:00 p.m. due to the Easter Holiday which falls on the 21st. The LMC Annual Reception will be held on April 26th.

b. SBCA – Gil Skinner

Gil reported that he had sent out information to SBCA members as well as LMC for distribution to North Bay residents about the auto vandalism occurring in Inner Harbor consisting of deflated tires, wire cutting and brake line severing. He cautioned everyone to be alert. SBCA is working with the Sheriff, the Under sheriff, the detective assigned to the case and the County Prosecuting Attorney to bring this issue to conclusion.

Gil then addressed an issue of misinformation going out about SBCA's policy of distributing checks to the charities who participate in the pancake breakfasts at the Bay Club. The SBCA was made aware that false information was being given out about the checks. So, to clarify: As a result of the January breakfast, Backpack for Kids received a check for \$232.09 and collected additional donations of approximately \$300.00 plus an offset against Bay Club usage fees of \$232.09. The February charity, Community Wellness Program received a check for 408.77 as well as additional donations. The Port Ludlow Garden Club, the February sponsor group, received \$408.77 as an offset against Bay Club usage fees. The Ludlow Village Players helped in March and they elected to use a total of \$803.54 as an offset against Bay Club usage fees and received additional donations.

Bill Dean noted that a Board member of one of the organizations mentioned above had reported to him that a check had not been delivered. When Bill learned that this was in error he apologized.

Gil then stated that another piece of misinformation was that in July the usage fees policy for the Bay Club use by North Bay members would “go away”. Secretary Pat Page stated that when sitting at other community meetings, she was often asked about the fee policy at the Bay Club and her answer was always that, “According to Gil Skinner the fee schedule will be evaluated in July”. She has made no mention of any other policy or action.

Gil reemphasized that the SBCA Board does not anticipate that this fee system will change. He also reminded everyone that the pancake breakfast was tomorrow (Friday) at 8:30 a.m. for the Dove House Charity and invited everyone to attend.

VIII. Citizen Comments

There were no citizen comments.

IX. PLVC Internal Reports

a. Secretary – Pat Page

i. Prior Months Minutes

(The minutes and Treasurer’s report will be approved in the same motion)

ii. Correspondence

Ms. Page reported that we had received the PLVC D&O insurance questionnaire for renewal notice, a bill from the Bay Club and a check for \$200 from the Chimacum Farm Store (Movie Night contribution).

b. Treasurer’s Report

Prior Month’s Financial Report

Paul reported that our beginning balance was \$24,922.45. There was no income and expenses totaled \$377.06 leaving an ending balance for March of \$24,545.39.

Motion was made to accept the Minutes from March 7, 2018 and the Treasurer’s report as presented. Motion was seconded and passed.

c. Bylaws Change

Bill Dean reviewed the Bylaws Change Notice as follows and asked for a motion to approve. Motion was seconded and approved.

**BYLAW CHANGE
NOTICE**

CURRENT BYLAW:

ARTICLE VII

Amendments

These Bylaws may be amended or repealed, and new bylaws may be adopted, by a majority vote of the directors at any meeting of the Board of Directors, or by a majority vote of the Voting Members at any meeting of Voting Members, for which notice of the proposed amendment, repeal or new bylaw has been given to the directors or to Voting Members along with the notice of meeting as set forth above.

DISCUSSION:

I believe that changes to the bylaws should be brought up and voted on after both Administrative Committee and board Workshop discussion. The Admin Committee has a responsibility to ensure a recommended bylaw change is consistent with the PLVC Articles of Incorporation, relevant RCWs, and need to consider what Policy and Procedure changes a bylaw change requires. It is not that the Admin Committee is making a decision but reviewing a proposed change and providing comment as input to the board at the Workshop for board deliberation. In addition, the reviews and recommended bylaw will ensure there is no misunderstanding of what procedure is to be followed.

CHANGE NOTICE:

If a board member or a majority of the Voting Members desire to have a change made to these bylaws:

1. A notice shall be presented with notice of board or Voting Member meeting. The notice shall include the proposed change and a discussion of the reason for the change.
2. The notice shall be referred to the Administration Committee for comment and the board shall review the notice and the Administration Committee comment at the next Workshop.
3. After the concept has been reviewed at a Workshop it will then be presented for a vote by the board or the Members at the next meeting.

d. Policy Regarding Motions Brought to the Floor of the PLVC

Bill introduced a motion to accept the policy (as follows). Motion was seconded and discussion held regarding the motion. After considerable discussion, motion was not passed

Policy
Regarding
Motions Brought to the Floor of the PLVC
April 4, 2019

To ensure that full and complete deliberations take place on all motions considered by the board of directors, the following motion is made as a temporary measure to take effect immediately and to be included in the soon to be updated Policy and Procedures of the PLVC.

Unless there is an urgent or emergency situation, any motion a director desires to be considered by the board shall first be submitted to the PLVC Committee having responsibility for the subject of the motion and the committee shall

provide the directors with comments on the motion for their consideration. If there is not such Committee, the motion shall be presented to the board member in writing prior to a workshop. IN either case, the proposed motion shall be discussed at a workshop before being brought to the floor of a board of directors meeting.

e. Goal Motions – Steve Hammond

Steve discussed the motions made at last month’s meeting which were discussed at the workshop on March 19, 2019. Motions made are as follows:

Motion #1

PLVC will request honest and timely communications from PLA.
PLVC will not allow communications by PLA which are deemed unreasonable, unlikely, or untrue to remain unchallenged or unclarified.

Motion was seconded. Discussion was held debating the necessity of the motion, Steve’s reason for requesting PLA’s cooperation on these matters. Motion was defeated.

Motion #2

PLVC will keep Port Ludlow residents informed of “build-out” and amenity problems involving their community.

Motion was seconded. Motion was discussed. Steve explained that this motion essentially requested that PLA report all news good and bad to the PLVC board. Further discussion was held regarding the necessity of this motion in view of the Community Development Committee’s ongoing discussions with PLA. Motion was defeated

Motion #3

PLVC shall request the Jefferson County Commissioners encourage PLA to complete the MPR “build-out” and deny any extensions to PLA absent a PLA timeline specific plan and performance bond.

Motion was seconded. Further discussion was held as to the necessity of this motion and the fact that a performance bond would be a crippling burden for PLA. Steve stated that ultimately he would like to see PLA leave Port Ludlow and this motion would help that process. Other board members noted that we should fight the battles we can win and this motion was not a battle for us to fight. Motion was defeated.

Mr. Hammond asked to make a comment at this time. He stated:

“It is evident to me that this board is not willing to pursue promised amenities in Port Ludlow or encourage an expedited build out. This board is more interested in harmony than results; more willing to accept “what is” instead of seeking what could be. As a result there is no reason for me to participate. I resign from this board to seek other venues that will help achieve the original goals set for Port Ludlow”.

f. Support for Antenna Installation – Bill Dean

Bill Dean made a motion that the PLVC support the installation of a replacement antenna at the fire station in Port Ludlow. Motion was seconded.

Discussion was held as to the purpose of the antenna and who was paying for the equipment. Bill noted that it was being paid for by the Port Ludlow Fire and Rescue and that it is an important part of our emergency management activities to have a working antenna at the fire station. The motion was passed.

g. Committee Authority – Bill Dean

Bill reported that he had been questioned as to his activities in relationship to a visit to the Utilities and Transportation Commission offices to gather information regarding the OWSI surcharge process. Bill asked Secretary Pat Page to read the mission statement from the Utilities Committee confirming that information gathering was a bona fide activity of the PLVC members and that this activity did not constitute a “position” by the Board member.

X. Other Business

Mr. Skinner revisited his issue with Board members providing misinformation to other groups concerning the pancake breakfast. (See SBCA Report, Item VII. b.).

Discussion was held concerning the benefits of sponsoring a Pancake Breakfast to earn money toward Bay Club usage fees. Comments were made stating that the pancake breakfast was a great success, that Mr. Skinner should be proud of his accomplishments.

However, regarding the misinformation issue, as stated before, apologies were made to the appropriate people and the subject has been dealt with.

XI. Adjournment

Motion was made, seconded and passed to adjourn at 6:09 p.m.

**PLVC Meeting
Utilities Committee Presentation and Recommendation
By Russ Michel, Chair
April 4, 2019**

OWSI submitted a general rate increase by surcharge to the UTC on March 5th.

The following summarizes the application: General rate increase request that would generate approximately \$100,440 (14.2 percent) additional annual revenue. The filing is requesting a surcharge to support a new manganese filtration treatment plant and full-time disinfection with chlorine. This treatment plant is being designed to eliminate the manganese, arsenic and iron water quality issues. This surcharge will cover the costs being incurred in the evaluation of the system and a construction estimate for the water treatment system. A surcharge of \$5.00 per month (\$10 per billing cycle) is being requested. The surcharge will expire in 2038 or when \$2,014,214 of the project costs are recovered.

Since the March 5th Informational Meeting, the Utilities Committee has had many communications with the UTC and DOH and met in person on March 22nd with UTC and DOH staff. We've also had many Committee meetings in an effort to provide the best information to the community. I'm estimating that over 200 hours of volunteer time have gone into this effort. The following is a summary of the facts as we know them today:

From UTC:

1. OWSI applied for a surcharge request and has submitted all the supporting documents required for a surcharge pursuant to WAC 480-110-455. When ruling on a surcharge request, the UTC only considers the project cost and owners ability to pay for that project. The financial condition of the company and allocated expenses between business units are not considered as they would be in a full rate case.
2. Annual Reports that OWSI submits are only used by the UTC to determine the amount of annual fees the company pays based on their revenues. There is no audit or evaluation of the information submitted unless something unusual jumps out relating to the fees owed.
3. The UTC prefers at least a 70% ratepayer - 30% water company split of cost to ensure the owner has skin in the game.
4. Surcharge monies are required to be deposited in a separate bank account which can only be used to pay project expenses and repay the loan.
5. The application for surcharge assumes \$2.2M project construction cost which is an estimate at this point. Once construction is completed, an application for a revision will be made by OWSI which would result in the specific surcharge being based on actual costs.
6. The UTC Docket for OWSI's application is 190160 and will be considered at the April 11th Open Meeting of the commission. It's scheduled to be on the regular agenda. Staff will present their recommendation, persons may make a short-concise public comment (usually 3 minutes) after which the Commissioners will deliberate and make a ruling. They can make one of three rulings. They can approve the application as submitted, they can suspend the ruling for further information, or they can suspend the ruling for a formal process in which case the attorneys take over.

7.

From DOH

1. The DOH has awarded OWSI a Loan of \$2.1M with a 20-year repayment period. The interest rate is 2.25 percent which could go to 1.75 percent if the project completed in two years. The two-year time period begins the date the loan is countersigned by the DOH.
2. An Environmental and Cultural Review must be completed and accepted by the DOH before the loan is approved and funds made available, but those are anticipated to be completed before the end of August.
3. The DOH requires a progress report with every draw request and a Quarterly Report. Before the loan is closed out, the company must submit an audit.
4. Strict bid, project management, and construction procedures are required due to the fact that both State and Federal regulations apply.

From OWSI:

1. Greg Rae will be the project manager and HDR Engineers will handle the day-to-day details.
2. The Environmental and Cultural Reviews are scheduled to be completed in August.
3. Final engineering documents that will go out to bid are scheduled to be completed in February 2020.
4. Construction is scheduled to begin in summer 2020.
5. OWSI has indicated that they will make their best efforts to complete the project within two years.

Closing Comments:

1. Although many questions have been asked on the PLVC website and to Committee members, there is unanimous agreement within the Utilities Committee that the project needs to be done and completed as quickly as possible.
2. It is obvious that the community is better off in the long run if the majority of the project costs are funded by the DOH loan at 2.25 percent or less and repaid by the surcharge. Any monies the company contributes to the project costs are subject to a return on investment of up to 12 percent and could be used in the future for a rate increase.
3. OWSI ratepayers that want to submit a comment should look at the UTC website, <http://www.utc.wa.gov>, and click on "Submit a Comment" under Consumers in the middle of the page. Any received public comments should be submitted by tomorrow, April 5th as they will become part of the public record and used by staff to make their recommendation to the Commissioners. The UTC Staff Memo will be available on the UTC website three days before the Open Meeting on April 11th – a week from today.

So, as a result of the Utilities Committee thorough research and deliberation, we unanimously recommend the following to the PLVC Board:

It is recommended that the Board take the position that clean water is essential within the Port Ludlow community and that Olympic Water and Sewer, Inc. (OWSI)

should undertake appropriate steps necessary to ensure clean water is provided. It is a further position that how such actions are paid for should be considered in a collaborative manner with OWSI, PLVC and the Washington State Utilities and Transportation Commission (WUTC).

It is further recommended that the Board not take a position at this time on the water surcharge application due to a current lack of adequate information.