

KITSAP COUNTY SEWER DISTRICT NO. 7
Minutes of Meeting
July 15, 2011

The meeting was called to order by President Sarah Lee at 7:02 p.m. Those in attendance were Commissioners Lee, Chris Dew and Roger Tielman; Engineer Mike Yuhl and Manager Colleen Yuhl. Other attendees were former Commissioner Gayle Ashton and Don Ashton.

The minutes of the June 9th meeting were approved.

Vouchers 11-7-1 through 11-7-9 were approved for payment.

Financial Report – Colleen Yuhl handed out the Financial Reports for June 2011. The only unusual expense was a large water bill due to the breakdown of a pump at the treatment plant which necessitated using extra water from S. Bainbridge Water System.

Presentation by Don Ashton - President Sarah Lee asked ^{to} make a change in the order of the Agenda to allow a presentation by Don Ashton on the District-owned Bakery Building. The Commissioners concurred and she introduced Don Ashton, an architect and former resident of Fort Ward, who had spent considerable time studying the structure and coming up with a proposed plan to develop the building into a combination Sewer District office, meeting space and community center.

Don Ashton shared drawings that he had developed showing how the building could be remodeled to provide the facilities needed by the District, and how the needed parking might be provided.

He pointed out that a Conditional Use Permit would have to be obtained from the City of Bainbridge Island before submittal of any plans to the City. The one thing that could be done at this time would be to apply for the Lot Line Adjustment, which was agreed to in the sales agreement with the seller of the property.

Funding will have to be obtained for this project, and the sale of the District's lot would be the first step in starting the process.

Sarah Lee thanked Don Ashton for the all the work he has done on this proposed District office and meeting place.

Old Business

1. Department of Revenue Meetings – Sarah Lee and Colleen Yuhl had a preliminary meeting with Jeff Heyel of the Department of Revenue on June 15th. At that meeting, they went over the past years' trial balances; reviewed a map of the District sewers; and Mr. Heyel explained how the percentages of B&O tax and Public Utility Taxes are determined for purposes of payment of taxes to the Department of Revenue. He indicated that he would take the information that we had presented and make a determination as to what was owed.

Sarah Lee again met with Mr. Heyel on July 7th at which time he presented her with his determination of taxes due. He explained that the 30% penalty for late payment of taxes would be waived because of the District's voluntary disclosure that they had not been aware that they should be paying these taxes until it was brought to their attention in

January 2011. Therefore, the amount due will be the back taxes as determined by Mr. Heyel's analysis, plus interest on the past due amount. At this meeting, Sarah Lee signed a Voluntary Disclosure Agreement on behalf of the District agreeing to pay the back taxes.

Sarah Lee explained that the agreement would then need to be approved by Mr. Heyel's superiors in Olympia, and he stated that we would be getting a bill from DOR within the next month with the exact amounts due. Sarah reported that Jeff Heyel had worked to get us the best possible percentage for tax purposes and that he was most cooperative to work with. She asked the Board's permission to send him a personal thank you for his efforts.

It was pointed out that the Sewer District Manual will need to be updated with the tax information.

In the meantime, the District's tax reports and liabilities for the 1st and 2nd quarter of 2011 will be submitted for approval and payment with the vouchers for this month.

2. City of Bainbridge Island Storm Water Assessment – Mike Yuhl reported that he had submitted the information, but apparently there was a second page of the form that was never received. Melva Hill has asked for that information and he is awaiting the reception of that form to complete the application for a reduction in the assessment.
3. Lot Maintenance – Colleen Yuhl reported that she had contacted the person who cleaned up the lot last year and he had agreed to come. She noted that they were mowing and cleaning the lot this same day as the meeting.
4. Unclaimed Money from Building Permits – Colleen Yuhl checked with the attorney handling this and they have a significant backlog; however it is in process.
5. NPDES Permit – Mike Yuhl reported that we have received the new 5-year NPDES Permit from the Department of Ecology (good through June 30, 2016).

New Business

1. Capital Facilities Plan – Colleen Yuhl stated that she had been contacted by the City of Bainbridge Island regarding an update of our Capital Facilities Plan. After some discussion, it was determined that there are no immediate updates of the plan on file with the City. Mike Yuhl did point out that, when funds become available, the one need at the treatment plant is a water holding tank. He estimates that this would cost somewhere in the neighborhood of \$50,000.

The meeting was adjourned at 8:35 p.m.

Respectfully submitted,


Colleen Yuhl
District Manager


