

**BIRCH BAY VILLAGE COMMUNITY CLUB  
GENERAL BUDGET MEETING MINUTES  
NOVEMBER 7, 2008  
BLAINE HIGH SCHOOL  
PERFORMING ARTS CENTER  
765 H STREET, BLAINE WA  
8:00 P.M.**

**ROLL CALL:**

<b>Sandra Stillion, President</b>	<b>Present</b>
<b>Deon Wiechmann, Vice-President</b>	<b>Present</b>
<b>Jeff Morris-Reade, Treasurer</b>	<b>Present</b>
<b>Ken Davidson, Secretary</b>	<b>Present</b>
<b>Betty McKinney, Board Member</b>	<b>Present</b>
<b>Al Hawks, Board Member</b>	<b>Present</b>
<b>Craig Telgenhoff, Board Member</b>	<b>Present</b>

**Also Present: Ken Hoffer, General Manager, and Esther Matter, Administrative Assistant.**

**CALL TO ORDER:**

**BBV Board President, Sandra Stillion, called the meeting to order at 8:00 P.M.**

**QUORUM:**

**Ken Hoffer stated that a quorum was not present: only 63 Lot Owners and 4 Proxy's.**

**AGENDA/RULES OF ORDER:**

- **The Agenda and Rules of Order were accepted.**

**MINUTES:**

- **Since a quorum was not present the General Meeting Minutes of November 2, 2007 will be approved at the next General Meeting.**

**INTRODUCTION: Sandra Stillion, President**

- **Sandra Stillion welcomed everyone to the meeting then introduced the Guest Speaker.**

**GUEST SPEAKER – Valery Anderson, Former Board President, Birch Bay Incorporation Feasibility Study**

- **Birch Bay for many years has been considering incorporation; the BP Refinery has declined inclusion.**
- **All the information being presented is from the Birch Bay Incorporation Feasibility Study which was finalized in March of 2008 by Berk and Associates; all the figures presented are from 2007.**
- **The Urban Growth Map is not necessarily what would be incorporated as Birch Bay, but it gives a good representation of what is being proposed; Birch Bay Village makes up a large part of the area in population.**
- **The Boundary Review Board is the first step a community needs to take before incorporation. Since Birch Bay's permanent population is less than 7500 the Boundary Review Board has the authority to disapprove the proposal for incorporation before it has a chance to go to a vote.**
- **Some of the reasons for the proposal of incorporation were that the City could control tax as it would come to the City instead of the County this includes: property, road, retail, lodging, and gas taxes, along with building permits and planning and engineering fees, it also includes any city imposed taxes. Other**

reasons include a possible higher level of services, control of planning for the city area, 24/7 police protection, local accountability, fire protection (which this area already has), and code enforcement.

- **Expected Operating Revenue figures are based on 2007 costs and revenues. The assessment looks at revenues and costs assuming all City taxes will be in place, and services will be fully functional.**
- **Property taxes remain the most important source of revenue for many Cities and are critically important for areas such as Birch Bay with little commercial tax base to generate sales tax revenue. Cities are beginning to consider actions to maintain their property tax levy; the city can allow a higher initial property tax levy and in subsequent years scale back the levy to a lower level. To enact utility taxes to make up for eroding property tax revenues, cities have the authority to levy utility taxes subject to certain limits by action of the city council.**
- **Tax Base: if a city has relatively high property values per resident and/or high retail sales per resident it is seen as having a fundamentally strong financial base. For a community like Birch Bay most retail sales tax revenues will come from two sources: one is new construction and two is direct purchases of delivered goods and services by households and businesses.**
- **Municipal services: the city would need to decide which would be the same and which would be contracted to the city. Police services would be a contract with the Whatcom County Sheriff. Fire, emergency, and medical services annex or contract the existing fire district. Legal services would be a contract with a private firm. Court services would be a contract with Whatcom County district court. Public roads would be a contract with Whatcom County Public Works. Animal Control would be a contract with Whatcom Humane Society. The cost for contracting is negotiable there are no set fees. Services such as water, sewer, garbage, school, public transit would remain the same. City administration, council, land use and permits, part of the park system, and service water management would be by the city. The service water management which is now BBWARM would have its own taxes. Rates would not be based on individual houses but by sections and it is still in the works.**
- **Growth is the main factor for income. The report assumes that Birch Bay would add 16 new single family houses and 25 multifamily units from 2009 to 2014. The report also assumes an average of 7500 square feet of new commercial development each year. With the emphasis placed on property tax revenue, the report used the comparison of the population from the census of 2000 to 2007 and translated it to an annual compounded growth rate of 4.8%, with expected additions averaging less than 100 new residents each year until 2014. From 2007 and beyond we assume that average values of existing properties will increase at a rate of 5.5% a year. The exhibit does not include any estimate of the cost of capital investments.**
- **City expenses will be dominated by public safety, roads operation and maintenance, and the cost of general governmental functions. Public Safety or law enforcement: a city must have the basic level of 24/7 patrol coverage which includes 8 to 9 full time police staff, patrol officers, an administrative staff including a city police chief, a sergeant, and a position to handle paperwork and other duties.**
- **Operating Revenues for a residential city like the potential city of Birch Bay: one of the largest sources of annual revenue is property tax. Cities have the authority to levy regular property taxes; special levies are authorized to allow for jurisdictions to seek levy lift lids to residents. Levy lift lids can be done but they have to be voted on by the property owners. The only property tax that will cease upon incorporation is the \$1.52 levy for the Whatcom County Road**

**District.** There are some state shared revenues which include the liquor excise tax; this is distributed by the county on a per capita basis, but in order to receive it the city is required to spend at least 2% to support an approved alcoholism or drug addiction program. Unrestricted gas tax: a portion of the state collected gas tax is shared directly with municipalities which helps with the overall cost of road maintenance and construction. Criminal justice revenue is at 0.1% of taxes collected by the state department of revenue and is distributed through them to the county which in turn passes 90% on to cities on a per capita basis.

- **Cable television franchise:** the County presently sets a fee at 4%. The city could replace this fee with a city fee assumed to be at 4%, but since no statutory maximum applies it could be higher.
- **Gambling taxes:** it is estimated that Birch Bay currently generates slightly less than \$9,000 a year.
- **Building permits** estimated at \$300,000 a year and that building will continue. Cost would include salary for city engineers, two assistant planners, and one building official; costs are assumed to be 100% recovered through permit fees.
- **Utility taxes:** cities are allowed to impose taxes on many of the utility services such as telephone, natural gas, and electricity by action of the council up to a rate of 6%, this rate can be exceeded by voter approval.
- **Business and occupation taxes:** the city would have authority to propose a variety of such taxes up to 0.2% on the gross receipts of all businesses located within its boundaries. The city could develop a form of business licensing which might require all businesses to register with the city and the city could then impose a licensing fee. Home businesses earning an excess of \$20,000 a year, licensed, and filing a tax form can be taxed.
- **Operating expenses:** public safety and the sheriff is an annual cost of \$900,000 to \$1.1 million which includes contract, facility costs, police dispatch key, emergency management participation, and jail. Also included in expenses: public works, planning and development, city manager, county clerk, computer support specialist, legal (contracted out), parks and recreation, building permit official, city council (RCW requires that council members be compensated at a rate of \$1800 per year); and non departmental which includes Animal Control contract, Fire Marshall, election costs, state audit, return of 2/3 public safety sales tax to the county, as well as miscellaneous which includes insurance, association dues, and contributions to a chemical dependency program.
- **Potential Capital Revenues** are a real estate excise tax that city debt is required to plan under the growth management act to levy a tax totally 0.5% of the selling price of the property.
- **Bonds:** the city takes out a loan for a lump sum of capital revenue and agrees to repay that loan over an extended period (often 20 years); important to note that bond revenues do not represent new money to the city rather bonds allow city's to access funds today to cover the cost of an immediate need at the cost of handling over a set amount of future revenues.
- **State and federal grants:** there is no guarantee that these would be given out; cities can hold at least some of their dedicated capital revenues in reserve until they can be used as matching funds to win grants from capital investment.
- **Transportation impact fees:** Birch Bay will be able to create its own impact fee system; however, it would take some time to implement.
- **Projected start up financing:** representatives who form the city of Birch Bay will need to contact a local lending institution to set up a line of credit to tie the city over until substantial revenues are generated; until receipt of road levy revenues the cash position could be in negative of \$760,000.
- This whole report can be found at [www.berkandassociates.com](http://www.berkandassociates.com).

- **Comments from Valery: Birch Bay Village is very important to this incorporation for property tax income. Birch Bay Village can decide whether they want to be a part of the city of Birch Bay; if the Village is a part it would be liable for city taxes. Most of the residents to the west and north of the Village have not been included. The Village would still have the services it does now from the County. No big stores or business to offset the major tax burden on the property owner. If this incorporation does come to vote it is very important that everyone vote.**

**PRESIDENT'S REPORT: Sandra Stillion**

- **Going to talk about money not spent which is a direct resolve of the volunteer base in the Village.**
- **The Village is fortunate to have a large and active volunteer base and every volunteer can be attributed to some kind of savings in the Village.**
- **There are many groups, clubs, and committees in the Village. Some activity groups and clubs include: Bridge, Bunco, Coffee, Do-Bees, Golf, Music, Poker, Pizza, Tea, Wine, Yacht Club, and more. The Social Club is the longest standing Village Club and has many activities and functions some include: Breakfast, Exercise, Chick Flick, Welcome Basket, Helping Hands, and the reader board. There is also the Blockwatch & Emergency Preparedness Program.**
- **Just to list a few projects that went on in the Village this year: clam survey, tunicate study, marine resource water testing (ongoing), flagpole project, marina cleats added, remodeling of Rec. Area #3 bathroom, remodeling of A & B dock bathroom with park, bollards on Chinook, Lake depth survey and fish count, Marina channel depth survey, Roger's Slough Park now underway, and the removal of a play set for dredging.**
- **Took a moment to recognize all ongoing Committees: ACC, Elections Committee, Golf Committee, Lakes Committee, Marina Committee, Roads & Drainage Committee, and the Board of Directors. A Thank You to all the people who have given up their time and energy to serve on a committee.**
- **Focused a little on the Roads & Drainage Committee. It used to be just an advisory committee until the roads needed to be paved, the Board then decided to have something more active and permanent. The members on the committee: Chuck Wolfe (took the Chairman position and came into the committee with many years of experience in paving), Sam Stillion (the acting Secretary), Jim Lockie (one of the original members on the committee), Terry Sullivan, Richard Gort, Sandy Hilborn, Doug Clark (advisory member), and Ken Davidson who is the Board Liaison. Chuck Wolfe and the Roads & Drainage Committee were instrumental in getting the paving to where it is today; they inspected, surveyed, analyzed, and prioritized all the roads in the Village, and also cleaned out the ditches along the roads to be paved. They measured every foot of road in the Village and found that there is 10.6 miles of road and not 13 miles which was originally thought. Also, they were instrumental in getting a bid for paving, and probably saved the Village about half of what might have been spent. When the paving was done in July, the committee was out every day making sure that everything was done correctly. In the end just under 3 miles of road was paved, and about a mile of ditches were worked on; the committee will continue to work on the ditches. The money saved from these projects is in the tens of thousands. Presented the Road and Drainage Volunteers with a Certificate of Recognition for Outstanding Volunteer Service: Chuck Wolfe, Sam Stillion, Jim Lockie, Terry Sullivan, Rich Gort, Sandy Hilborn, and Doug Clark (not present).**

- Ended with a thank you to all the volunteers from past years, all the volunteers this year, and all the future volunteers.

#### **MANAGER'S REPORT: Ken Hoffer**

- Showed pictures of some of the projects that went on during the past year.
- The Office staff audited the property files and requested deeds from the properties missing deeds; also, ensured that Rental Agreements were up to date.
- A new truck was added to the Village inventory for the Office.
- Reconstructed Kwann Lake Park parking lot.
- Painted and pressure washed the stairwell (completed mostly by Ralph Falk).
- Built a volley ball and bad mitten net.
- Redid Tee Box at #1 green.
- A few forums were held with Pete Kremen concerning the Birch Point Curve.
- Tunicate study with Marine Resources and also a clam survey was performed.
- A few people helped with fixing the Marina Flagpole; Rick Whitaker did a lot of the work.
- The Marina Committee helped put up a new hose reel, and put up new cleats on the Guest Dock, the Gas Dock, and the launch ramp.
- Put a screen around the Sports Courts along with a few new nets.
- Bollards were done at Chinook Road with all volunteer help.
- Bought a new Track Hoe that's been used almost daily.
- Added grass carp to the Lakes and Ponds to control some of the algae. Also added some bacteria generators that eat the food that algae needs to survive, and tried some ultrasonic devices that will break up the molecular structure of most algae.
- Repainted the Office.
- Purchased new fuel tanks as the old ones were not up to code.
- Replaced one of the Lot mowers.
- Put in new buzzers on the Pool room doors so people couldn't get in without being buzzed in first. Also purchased all new pool equipment that made it easier to control the chemicals and the temperature in the pool.
- With volunteer help did the remodel of the restroom at Sunset Park.
- Dredging was done this year; went fairly quick and volunteers helped tear out a play set at Lighthouse Park so that the dredging equipment had room (saved the Village about \$10,000).
- Paving and ditch cleaning was already discussed.
- A volunteer painted a mural at the pool.
- Redid all the decks and painted all the picnic tables at the Recreational Areas.
- The staff did many projects before "May Day" to help "open" the Village for the spring and summer months; most of the projects included cleaning and fixing things up.
- Since BP uses some of the Villages facilities they offered to donate items since they could not give money. Ken Davidson worked with BP on what to donate; ultimately decided that since the Recreational Area restroom was done at a little more than half the cost than expected, we would ask BP to donate supplies needed to redo the A & B dock restroom and also add a small park. BP donated about \$7500 worth of material.
- Sandra Stillion added that the total saved from dredging this year was about \$17,000 due to volunteers and the time we were able to do it in.

#### **Treasurer's Report – Jeff Morris-Read**

- The Budget Process was able to be broken down and finalized in just 3 Budget Meetings. This was mainly do to the fact that Ken Hoffer made up a worksheet

for the Board to work off of and that prior Boards did a good job on the budget in the past, therefore not many changes needed to be made. The proposed budget was in the packet on the green sheets and the bottom line did not change; dues are at \$1200 for 2009.

- There weren't any major changes in Operations. The Reserves now are in a lot better shape than they used to be, thanks to this Board and prior Boards.
- Going to continue the Reserve project and continue on the road paving project hoping about 3 miles a year.
- Will be resurfacing the pool in 2009 and also work on another Recreational Area restroom. A new pick-up truck will be purchased for grounds keeping. Will be looking into getting the entry gates more presentable.
- Confirmed that Village assets are fully protected and in good shape.
- Opened up to questions from the floor:
  - A member inquired about the pool resurfacing. Morris-Reade responded that the pool was being resurfaced due to the fact that it is coming towards the end of its life cycle and the re bar and some of the structure is starting to show through; it should be done in the Spring before the pool opens.
  - A member asked about the Cascade Natural Gas refund. Morris-Reade confirmed that the refund was now over and done with. Ken Hoffer stated that last year was the fifth year of the five year payout.
  - A member wondered, with the economics of the day and with foreclosures, if the Village has a handle on the investments in the Village, and if there is a potential loss of income for the Village with foreclosures. Morris-Reade stated that the Village has procedures in place to collect on debt and foreclosures. Ken Hoffer added that there have been a few foreclosures and bankruptcy's, but because of the Village's Governing Documents there is a clause that a lien is placed on all properties from the beginning, so the Village is as similarly protected as the County is with property tax. The number of delinquencies this year is the same they have been for the last five years.
  - One member inquired to the Consultant Expenses in the budget last year. Morris-Reade answered that with a new manager coming on board the Board thought there might have been a need for outside "consulting" for the new manager who would be taking on unfamiliar duties, but Ken Hoffer took on responsibilities smoothly and there was no need for a consultant.

#### **Budget Confirmation – Sherri Bakke, chairperson of the Ballot Counting Committee**

- There were 387 valid ballots counted.
- 122 voted NO, the budget is confirmed.
- Sherri Bakke wanted to thank her Election Committee for all their hard work over the years: Sandra Bogen, Elaine Lerner, Heather Perks, Dixie Reimer, and Hap Webb.

#### **ADJOURNMENT:**

- Meeting adjourned at 9:06 pm.

*Esther Matter*

Recording Secretary: Esther Matter

**OPEN FORUM  
GENERAL BUDGET MEETING  
NOVEMBER 7, 2008  
7:30 P.M.  
HOMEOWNER'S COMMENTS**

Sandra Stillion announced that before the Open Forum started Larry McKinney was going to give a brief update on the Blockwatch program.

Larry McKinney has been working with Sandy Zeitel and Jan Leach on an Emergency Preparedness Program in the Village. This program is based off of the Emergency Management Department which is apart of the Sheriff's Department. A program within the Emergency Management Department is a "Map Your Neighborhood" program. Decided to have Blockwatch try out the "Map Your Neighborhood," which emphasizes the need to stock yourself for an emergency, but also includes a list of neighbors in the area with certain emergency equipment and so on; looking for participants to help out their Blockwatch Representative on jump starting this program in the Village. If anyone is interested please contact Larry McKinney or the Office; do the same if you haven't been contacted by a Blockwatch Representative or an Emergency Preparedness Coordinator.

- Nancy Stolcis, Div. 12C, Lot 56, would like to state that the projects done in Birch Bay Village this year look great, but would like to bring up the fact that the fence line on Birch Point Road is unsightly. Proposed a process that could be done in fazes that would include the planting of some trees and bushes along the fence to improve the "curb appeal."
  - Sandra Stillion said that the Board has looked into the issue and is trying to work with the County on getting something done.
  - Craig Telgenhoff stated that his idea for beautifying the fence line area is to put in a culvert on either side of the fence, then place dirt and lawn over the culvert, then plant trees; 100 feet could then be done each year.
  
- Priscilla Ott, Div. 12C, Lot 108, addressed the issue of the "greenbelt destruction" by Div. 12C and 12M. The work has made a road and since the greenbelt goes into Trillium property it leaves the area open for people to walk into the Village. Property and wildlife has been damaged because of the work; asks that the destruction end immediately and that trees be planted to replace the damage done.
  - Sandra Stillion explained that five catch basins were installed on the greenbelt to help with drainage. The Board has discussed beautifying the area, but nothing is on the table at the present time.
  
- Crawford McLennon, Div. 7, Lot 19, inquired if a swale could be installed in his area to accommodate some of the water from all the rain; he could do the work himself.
  - Sandra Stillion stated that Ken Hoffer could coordinate with McLennon on when and who could go out and look at the area.
  
- Uwe Burkart, Div. 12C, Lot 72, inquired about the voting system and why the vote wasn't based on the amount of ballots turned in.
  - Sandra Stillion answered that according to the Village Bylaws and the Revised Code of Washington a majority of voters had to vote "NO" in order for the budget not to pass and since there are 1129 lots there is therefore 1129 voters; so 565 would need to vote "NO". If Burkart would like any more information he

can go online or come to the Office and they can get him the documents and answers he needs.

- **Lori Waddell, Div. 7, Lot 33, inquired as to the reason for the Vacant Lot Mowing charge, and what Vacant Lots are included in the lot mowing category.**
  - **Sandra Stillion answered that due to the increase to the cost of mowing lots, this charge was put in place to defray some of those cost; some of those costs include fuel, equipment, and manpower. The fee will be charged to all Vacant Lots, and the fee includes additional maintenance if required, such as removing black berry bushes or excess yard debris.**

**As there were no other members who wished to speak, BBVCC members were recessed until the General Meeting was called to order.**