

**MINUTES OF THE MEETING OF
COMMISSIONERS OF THE
SILVER LAKE WATER & SEWER DISTRICT**

January 9, 2014

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on January 9, 2014, beginning at 5:30 p.m., at the District Administration Building. Attending were Commissioners Bill Anderson, Rod Keppler, and Anne Backstrom. Also present were General Manager Patrick Curran, District Engineer Rick Gilmore, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne; and John Milne with Inslee, Best, Doezie, & Ryder P.S., Attorney for the District.

- 1.) **CALL TO ORDER:** Commissioner Keppler called the meeting to order at 5:30 p.m.
- 2.) **APPROVAL OF MINUTES:** The Minutes of the special meeting of December 24, 2013 were unanimously approved as circulated.
- 3.) **ELECTION OF OFFICERS:** Following discussion, by motion made, seconded and carried unanimously, the Commissioners elected Anne Backstrom as President, Bill Anderson as Vice President, and Rod Keppler as Secretary for 2014. Commissioner Backstrom then presided over the remainder of the meeting.
- 4.) **FINANCIAL MATTERS:**

a.) Vouchers and Check(s) Approval:

Following discussion of various matters, vouchers, and revolving fund checks were unanimously approved and signed as follows:

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.01-001-.01-046	\$194,290.17
Sewer Maintenance	743 5418666	.01-001-.01-017	814,568.98
Sewer Capital Improve.	743 5448666	.01-001-.01-001	778.00
Water Capital Improve.	743 5468666	.01-001-.01-002	15,544.00
Revolving Check Fund		3284 - 3297	24,485.22
Total Warrants			\$1,049,666.37

It was noted that these accounts payable were the first prepared and issued solely by District staff.

b.) Staff Report-Authorize Professional Services Agreement-Paychex, Inc.

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report and Professional Services agreement for Paychex, Inc., for their review. The Commissioners expressed concern over terms in the agreement requiring that dispute resolution occur in New York State. Staff pointed out that Confidentiality Terms allowed

Paychex, Inc. to make use of District data for other purposes than to serve the needs of the District. Staff stated the services provided by Paychex, Inc. to the District were a substantial improvement over the services provided by Snohomish County. Alderwood Water and Wastewater District, Soos Creek Water and Sewer District and Olympic View Water and Sewer District all use Paychex, Inc. and are quite satisfied with its services and professionalism. Staff recommended the Board of Commissioners authorize the General Manager to execute a professional services contract with Paychex, Inc., at a total estimated annual cost of \$2,010.88, and to provide him the authority to change the District's payroll schedule. Following discussion, by motion passed unanimously, the Board of Commissioners authorized the General Manager to execute the Paychex, Inc. Professional Services Agreement at an estimated annual cost of \$2,010.88, and provided him the authority to change the District's payroll schedule.

5.) CAPITAL IMPROVEMENT PROJECTS

a.) McDowell Short Plat DEA

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Developer Extension Agreement and Project Site map for McDowell Short Plat located at 13518-30th Drive SE, for their review. The proposed project will provide for installation of 170 feet of sewer and 80 LF of water main, to serve an existing water only residence and three newly created lots. Sewer service to all four lots will flow to the Everett Basin. The Developer is Campbell Street Builders, LLC.

Following discussion, by motion passed unanimously, the Board of Commissioners accepted and executed the Developer Extension Agreement for McDowell Short Plat.

b.) Bills of Sale-2013 Fourth Quarter

Mr. Gilmore presented the 2013 Bills of Sale Acceptance report to the Board of Commissioners listing the accepted Bills of Sale for Developer Extensions for the Fourth Quarter of 2013. This represents \$1,215,165.16 of utility infrastructure added to the District by developer contribution. With these projects, the total estimated value of Developer contributed facilities accepted by the Silver Lake Water and Sewer District totals \$3,907,448.08 for the year 2013. The Board of Commissioners acknowledged the District's receipt of the following Bills of Sale:

4th Quarter Bills of Sale		
PROJECT	WATER	SEWER
Reserve at Mill Creek	\$126,370.67	\$45,406.80
Nature's Ridge	435,925.18	286,384.53
Kings Corner 1 & 2, Phase 2 & 3	221,441.75	99,636.23
Total Developer Contributed Value-Water/Sewer Facilities	\$783,737.60	\$431,427.56

c.) Reservoir No. 2 Improvements-Request for Bid Authorization

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, the District's Construction Cost estimate, and Gray & Osborne's Scope of Work and Fee proposal for Construction Management Services, for their review. During the investigation

of potential problems at Reservoir No. 2, the exterior coating was found to have heavy metals that will require special handling during the sand blasting and removal of the original coating down to the bare tank steel surface. Gray & Osborne prepared a proposal for assisting the District in the construction management of this project, including specialized inspection services for the coating and welding work required in an amount of \$127,700.00. Gray and Osborne's estimate for Construction costs totals \$1,583,000.00 (including a contingency calculated at 10% of the raw construction cost estimate); Design costs at \$50,700.00; and Construction Management costs at \$127,000.00; for an Estimated Total Project cost of \$1,761,400.00.

The project's plans and specifications are ready to go to bid and staff requested the Board authorize them to advertise the Reservoir No. 2 Improvements project for bid, accept the proposal for Construction Management services presented by Gray & Osborne, and to direct the General Manager to authorize Gray & Osborne to perform these services in an amount not to exceed \$127,700.00 without prior written authorization from the District. Following discussion, by motion passed unanimously, the Board of Commissioners authorized staff to advertise the bid for the Reservoir No. 2 Improvements project, and accepted the proposal for Construction Management services by Gray & Osborne, approving the General Manager to authorize Gray & Osborne to perform these services in an amount not to exceed \$127,700.00 without the prior written consent from the District.

6.) MAINTENANCE & OPERATIONS

a.) Evergreen Adjustment Service, Inc.-Final Report of Investigation-Anderson

Mr. Curran presented a verbal summary to the Board of Commissioners of a Final Report of Investigation received from Evergreen Adjustment Service, Inc. regarding a sewer backup that occurred on November 11, 2013, at 3103-104th Place SE, Everett, for their review. Based upon their review of the information received, Evergreen Adjustment Service, Inc. does not believe the District is liable for the damage sustained to the Claimant's property. The clog that caused the main to surcharge, formed at a junction to the east of the lateral line servicing the residence at 10104-27th Drive SE. The leaf debris found within the effluent of that residence proves the large amount of apple tree debris was introduced into the system by a third party and was the source of the clog. Evergreen Adjustment Service, Inc. stated they have explained their position to the Andersons. Subsequent to receipt of the Final Report from Evergreen Adjustment Service, Inc., the District received a Subrogation claim in the amount of \$11,000.00 from MetLife, the Home Insurer of the Anderson's. This claim was forwarded to Evergreen Adjustment Service, Inc.

b.) Evergreen Adjustment Service, Inc.-Final Report of Investigation-Flaming

Mr. Curran presented a verbal summary to the Board of Commissioners of a Final Report of Investigation received from Evergreen Adjustment Service, Inc. regarding a sewer backup at 3221-104th Place SE, Everett, downstream from the Anderson residence (see report above), for their review. This backup was reported to the District on November 15, 2013. Based upon their review of the information received, Evergreen Adjustment Service, Inc. does not believe the District is liable for the damage sustained to the Claimant's property. The clog that caused the main to surcharge, formed at a junction to the east of the lateral line serving their residence. The leaf debris found within the effluent of that residence proves the large amount of apple tree debris was introduced into the system by a

third party and was the source of the clog. Evergreen Adjustment Service, Inc. stated they have explained their position to the Flamings.

c.) Staff Report-Water Main Break-21 Oaks

Mr. Curran presented a verbal summary to the Board of Commissioners of a Staff report regarding a Water Main Break in 21-Oaks, at the Intersection of 135th Street SE and 62nd Avenue SE, occurring on December 24, 2013, for their review. The estimated water loss from the main break is approximately 63,000 gallons. Temporary road restoration will take place when the weather permits and permanent road restoration will occur in the spring of 2014. No property damage occurred during this main break.

d.) Staff Report-Water Main Break-Cascade Heights

Mr. Curran presented a verbal summary to the Board of Commissioners of a Staff report regarding a Water Main Break in Cascade Heights, at 5227-133rd Street SE, occurring on December 27, 2013, for their review. Approximately 20 feet of sidewalk was removed to expose the leak. The estimated water loss from the main break is approximately 13,000 gallons. Temporary sidewalk restoration will take place when the weather permits and permanent sidewalk restoration will occur in the spring of 2014. No property damage occurred during this main break.

6.) STAFF REPORTS

a.) District Engineer:

No Further Report.

b.) Finance Manager:

Mr. Nelson reported the State Auditor's Office has finished its onsite work and it is expected that an Exit Interview will occur in late January. Staff is proceeding to transfer financial services to the District. Discussions continue with Sterling Bank to provide banking services to the District, including making use of its Lock Box services to handle customer payments to the District.

c.) Attorney:

No Further Report.

d.) General Manager:

No Further Report.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (c) regarding property currently owned by the District. A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss this matter. Before convening to the Executive Session at 6:02 p.m., Commissioner Backstrom advised that the Executive Session would be concluded at 6:07 p.m. The Executive Session concluded at 6:07 p.m. and the open public meeting reconvened.

Following discussion, by motion passed unanimously, the Board of Commissioners authorized the General Manager to sign an acknowledgement of, and waiver of, potential

conflict for Inslee, Best, Doezie, & Ryder to provided counsel to the District regarding a listing agreement with Colliers International for the District's Bothell property, and to sign a listing agreement with Colliers International in a form acceptable to the General Manager.

This ends the Minutes of the January 9, 2014 regular meeting. The following signature page is a scanned image of the original signature page of the Minutes and certifies these are the approved Minutes by the Secretary of the Board.

Minute Certification

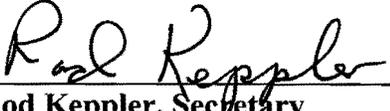
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

1. The attached copy of the Minutes of the Meeting of Commissioners (the "Minutes") is a full, true and correct copy of the Minutes of the January 9, 2014 regular meeting of Commissioners, duly adopted at a regular meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on January 23, 2014, as these Minutes appear on the Minute book of the District; and;

2. A quorum of the members of the Board of Commissioners was present throughout the meeting and a majority of those members present voted in the proper manner for the approval of these Minutes.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of January 2014.

**SILVER LAKE WATER AND SEWER DISTRICT
SNOHOMISH COUNTY, WASHINGTON**



Rod Keppler, Secretary