

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

July 24, 2014

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on July 24, 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 Backstrom called the meeting to order at 5:30 p.m.
- 2.) **APPROVAL OF MINUTES:** The Minutes of the special meeting of July 9, 2014 were unanimously approved as circulated.
- 3.) **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	.07-023-.07-067	\$302,696.39
Sewer Maintenance	743 5418666	.07-011-.07-023	72,172.90
Water Capital Improve.	743 5468666	.07-005-.07-005	488.37
Revolving Check Fund		3509 - 3532	46,378.02
<b>Total Warrants</b>			<b>\$421,735.68</b>

b.) **Staff Report-Financial Reports-June 30, 2014 (Pre-closing)**

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report regarding Financial Reports, as of June 30, 2014 (Pre-closing), for their review.

c.) **Staff Report-Engagement Letter for Arbitrage Compliance Specialists Services**

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report and Engagement Letter (including fee schedule) regarding the five year Arbitrage Reporting-2009 Refunding Issue and proposal, for their review. Arbitrage Compliance Specialists has advised District staff that as a part of the Federal Government's Sequestration actions, the tax exempt reporting requirements for tax free bonds were changed to require bond issues that provide for a Bond Reserve Fund need, to file a five year Arbitrage Report. As with most revenue and general obligation bonds, the District's 2009 Refunding Bond issue has a Bond Reserve Fund which earns interest. While the earned interest rate should be less than the rate of interest paid on the 2009 Bonds,

Arbitrage Compliance Specialists reported the District needs to file an 8038-T report with the Internal Revenue Service (IRS) by August 11, 2014.

Arbitrage Compliance Specialists have submitted a bid to perform the work, in the amount of \$3,450.00. District Staff is checking with the District's bond counsel, Foster Pepper, to get their input on this obligation. Staff has confirmed with Arbitrage Compliance Specialists that they can perform the work and submit the report by August 11, 2014. Since tax work is highly specialized and the consequences of non-compliance can be severe, staff recommends hiring Arbitrage Compliance Specialists to perform the work if it is needed.

Following discussion, by motion passed unanimously, the Board of Commissioners directed the General Manager to execute the Engagement Letter for Arbitrage Compliance Services to provide assistance to the District to comply with IRS arbitrage compliance requirements, in the amount of \$3,450.00, provided such action is approved by Foster Pepper.

**d.) Staff Report-Hobson Refund/Smith Account-13507 34<sup>th</sup> Avenue SE**

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report, regarding a letter (Hobson-5703 136<sup>th</sup> Street SE) with attached payment history, a letter (Smith-13507 34<sup>th</sup> Avenue SE) with attached payment arrangement schedule, and four bill copies, addressing a billing error for their review. The District's utility account process is to attach a Consumer No. to a Premise No. when contacted by a customer to create a new account. In 2006 both parties contacted the District to start their service. For the Hobsons, the account was correctly created; however, their account number was incorrectly attached to the Smith account. This resulted in the utility bills for the Smiths being mailed to, and paid by, the Hobsons.

The total payments the Hobsons made since 2006 is \$5,347.59; however, under the six year Statute of Limitations, the total refund amount is \$4,068.72. Staff prepared a letter and refund check for the Hobsons, after they provided the District with documentation of payments they made.

The Smith account will now have a balance of \$4,068.72. Staff has prepared a letter outlining this issue and provided the opportunity for the Smiths to make payment arrangements.

**4.) CAPITAL IMPROVEMENT PROJECT(S)**

**a.) Reservoir No. 2 Improvements Project 2014**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report of the Reservoir No. 2 Improvement project, for their review. CBI has completed installation of the stairs, gutters, downspouts, catwalks, and the hatch and vent modifications. Their final work element will be to reinstall the access doorway cut in the tank wall to allow Long Painting Company to position their lift platforms inside the tank. The final interior topcoat was completed this week, following successful passing of the paint coating inspection. The Contractor removed their equipment and reinstalled the door cutout.

**b.) AWWD Intertie-Master Meter No. 10**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report regarding the AWWD Intertie-Master Meter No. 10 project, for their review. The Contract was awarded to Taylor's Excavators and the preconstruction meeting was held on July 10<sup>th</sup>, 2014. The Contractor initiated construction on Monday, July 21<sup>st</sup>, 2014, with the installation of mainline pipe. The vaults and control panel submittals have been made and the Contractor will be able to place the order for their delivery when the submittals have completed the District's review process.

**c.) Decant Facilities Improvements**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report regarding the Decant Facilities Improvements project, for their review. The Contractor has indicated the vaults have been ordered and will be delivered onsite in late August, for work to begin the early part of September.

**5.) MAINTENANCE AND OPERATION REPORT(S)**

**a.) Staff Report-GIS Implementation & Job Description for Database Administrator**

Mr. Curran presented a verbal summary to the Board of Commissioners of a Staff report regarding Geographic Information System (GIS) Implementation Costs and a Job Description for a GIS Administrator position, for their review. District staff has been investigating the District's GIS needs through discussions and field visits to other Utility Districts that have already made significant investments to build their own GIS system. Over the next three years the anticipated annual costs would range from \$250,856.00 - \$303,555.00, with a three year total estimate of \$808,194.00 for software, engineering, hardware, devices, and personnel, with software licensing and personnel costs continuing to move past the three year point. While these costs seem significant, the goals for the GIS system would be to make our field maintenance operations more efficient and responsive to the District's customers.

Once a GIS Administrator is hired, the District would move from the Pre-design Phase (create a plan and approach, prepare a budget, assemble a team) to the Design Phase (purchase of software and server, create database, map existing G&O database to new database), followed by the Build Phase (scrub existing G&O data, import sewer/water data, build water system from record/asbuilt drawings, District staff receive training) and then the Populate Field Data Phase (Field techs gather data, import data into new system) and finally the Steady State Phase (update new system as new data becomes available).

Based on staff discussions and review of other utility GIS systems, staff recommended the Board of Commissioners authorize the General Manager to begin development of the District's in-house GIS system. Following discussion, by motion passed unanimously, the Board of Commissioners authorized the General Manager to begin development of the District's in-house GIS system and to move forward to hire a GIS Administrator and a GIS Technician.

**b.) District's Water System Usage**

Mr. Curran gave a verbal report to the Board of Commissioners of a District Water System Usage graph, for their review.

**6.) STAFF REPORTS**

**a.) District Engineer:**

No Further Report.

**b.) Finance Manager:**

Mr. Nelson reported the District's IT consultant has discussed and reviewed Columbus Bank's internet security systems and found these to meet the concerns and requirements of the District.

**c.) Attorney:**

No Further Report.

**d.) General Manager:**

Mr. Curran reported the District has hired Mr. Walter Payton Flude as a Utility Maintenance Worker. His first day is Monday, July 28, 2014.

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, and 42.30.110 (1) (i) regarding potential litigation regarding such property, and 42.30.110 (1) (i) regarding potential litigation involving a long term contract with the City of Everett. A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss these matters. Before convening to the Executive Session at 6:00 p.m., Commissioner Backstrom advised that the Executive Session would be concluded at 6:20 p.m. The Executive Session concluded at 6:20 p.m. and the open public meeting reconvened.

Following discussion, by motion passed unanimously, the Board of Commissioners authorized and directed the District General Manager to communicate to Mill Creek representatives the District's participation in Asbestos Testing/Survey of the old office building at the old District Headquarter site under the following conditions:

- District will pay one-half of all Asbestos Testing/Survey cost, not to exceed \$5000.00.
- Survey must be conducted by an AHERA-Certified Building inspector, and if any asbestos is found, it must not be disturbed.
- District must agree on selection of inspector.
- District must be the Owner or Co-Owner of all contracts, reports, tests and surveys.

There being no further business before the Board, the meeting was adjourned.

**This ends the Minutes of the July 24, 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 July 24, 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 August 14, 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 14<sup>th</sup> day of August 2014.

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

  
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Rod Keppler, Secretary