

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

October 8, 2015

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on October 8, 2015, 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 Eric Frimodt with Inslee, Best, Doezie, & Ryder P.S., Attorney for the District.

- 1.) **CALL TO ORDER:** Commissioner Anderson called the meeting to order at 5:30 p.m.
- 2.) **APPROVAL OF MINUTES:** The Minutes of the special meeting of September 21, 2015 were unanimously approved as circulated.
- 3.) **FINANCIAL MATTERS:**

a.) **Payroll, Vouchers, and Check(s) Approval:**

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

Fund	Code	Number	Amount
Water Maintenance	743 5408666	.10-001-.10-047	\$59,120.32
Sewer Maintenance	743 5418666	.10-001-.10-020	649,076.49
Sewer Capital Improve.	743 5448666	.10-001-.10-005	344,943.66
Water Capital Improve.	743 5468666	.10-001-.10-004	43,016.72
Revolving Check Fund		4314 - 4338	55,296.98
Total Warrants			\$1,151,454.17

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

a.) **2015 Third Quarter Bill of Sale**

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report listing the accepted 3rd Quarter Bill of Sale for Developer Extensions, representing \$103,725.87 of utility infrastructure added to the District by Developer contribution, for their review. Following discussion, the Board of Commissioners acknowledged acceptance of the Bill of Sale for:

PROJECT NAME	WATER	SEWER
Appletree 9	\$39,434.35	\$64,291.52
Total Developer Contributed Value-3rd Qtr.	\$103,725.87	

With this project, the estimated value of Developer contributed facilities accepted by the District totals \$1,769,609.67 to date, for the year 2015.

b.) AWWD Intertie-Master Meter No. 10

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and two Bills of Sale documents, for their review.

The completion of the punchlist was the last item needed to allow the District to release the retainage to Taylor’s Excavators for this project. The release check was included in the vouchers for the Boards review at this meeting. The Silver Lake Water and Sewer District (SLWSD) status as a wholesale water purveyor from Alderwood Water & Wastewater District (AWWD) was conditioned on SLWSD constructing the master meter components for AWWD that they require to provide water to the District’s system.

A breakout of the construction cost for each District’s physical assets at this meter site was estimated based on operational control ownership and respective District legal boundaries. The project construction costs for this project include three components: 1) the emergency work performed by B&B Utilities to install a portion of the water main required prior to the City of Mill Creek overlay of Mill Creek Boulevard; 2) the completion of the remaining pipe and meter facilities by Taylor’s Excavators; and 3) the purchase of a Flow Meter Control Panel from Systems Interface that was installed at the electrical rack for this project to provide SLWSD the same meter flow data access we have at the District’s other master meter sites. The component and total construction costs for Master Meter No. 10, with WSST are as follows:

Emergency Work	B&B Utilities	\$52,745.00
Master Meter No. 10	Taylor’s Excavators	561,741.74
Meter Monitoring Panel	Systems Interface	19,651.98
TOTAL		\$634,138.72

Staff requested the Board of Commissioners direct the General Manager to prepare a resolution to formally transfer portions of the District’s constructed Master Meter No. 10 to AWWD.

Following discussion, by motion passed unanimously, the Board of Commissioners directed the General Manager to prepare a resolution to formally transfer portions of the District constructed Master Meter No. 10 to AWWD, to be reviewed and signed at a future meeting.

c.) Silver Acres Water Main Improvements Phase 2 Project

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, draft Change Order No. 1, Estimate 9989, and Estimate 9990, regarding the Silver Acres Water Main Improvements Phase 2 Project, for their review. The Contractor, Earthwork Enterprises, Inc. has completed their submittal process and is scheduled to mobilize the week of October 5th. The Contractor was asked to prepare a cost proposal for a side sewer repair for a collapsed pipe recently discovered serving a residential home at 14307-57th Drive SE. The work is similar to the two side sewer repairs identified as Schedule “B” and Schedule “C” of this contract. The District received a proposal to perform this work as Schedule “D” in the amount of \$16,275.00 without Washington

State Sales Tax. In addition, Earthwork Enterprises, Inc. was asked to provide a credit to the District for the reduction in work anticipated for Schedule "C" due to a modification of the work required by the District's County Right-of-Way Permit. Earthwork Enterprises, Inc. proposed a reduction in the Schedule "C" lump sum payment of \$668.68 before sales tax.

Staff requested the Boards consideration of Change Order No. 1 to the Contract, and if in agreement, to direct staff to accept Earthwork Enterprises, Inc.'s proposal and to prepare Change Order No. 1 to the Silver Acres Water Main Improvements Phase 2 Project, to add Schedule "D" side sewer repair and to reduce the payment for Schedule "C"; further, to authorize the General Manager to execute the change order when signed by Earthwork Enterprises, Inc.

Following discussion, by motion passed unanimously, the Board of Commissioners directed staff to prepare Change Order No. 1 for the Silver Acres Water Main Improvements Phase 2 Project, and to accept the Earthwork Enterprises, Inc. proposal to add Schedule "D" side sewer repair (\$16,275.00 before WSST), and to accept the proposed \$668.68 reduction in the Schedule "C" lump sum payment, and to further authorize the General Manager to execute Change Order No. 1 when signed by Earthwork Enterprises, Inc.

5.) INTER-AGENCY REPORT(S)

a.) Obituary for Mr. Arnie Kegel

Mr. Curran reported to the Board of Commissioners that he received an Obituary notice regarding Mr. Arnie Kegel (Kegel & Associates Engineering and Land Surveying) who passed away on August 25, 2015, from Parkinson's disease. A private graveside service was held September 12, 2015; a Celebration of Life will follow in the summer.

6.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson advised the Commissioners that the switch to processing customer payment checks by using the Lockbox process offered by AFTS has gone smoothly.

Mr. Nelson reported that the Washington State Department of Revenue has delivered two partial audits of District tax liability for the years 2011 through 2014. The first Audit Report covers tax adjustments which District staff has agreed to, due to District underreporting of revenue, due to an accounting system error which excluded some water sales for some non-single family residential classes of customer. The Department of Revenue is assessing additional tax of \$179,876.00 plus interest due to this under reporting.

The second Audit Report is on sewer revenues which imposes \$203,145.00 in tax plus interest for the years 2011 through 2014. The formula used by the Dept. of Revenue is calculated differently from the formula set out in the WAC, due to the fact that the

District does not operate its own treatment plant but rather buys sewage treatment from Everett or King County. District staff disputes this assessment. Staff will process these two audits and provide a report to the Commissioners at the next meeting.

Mr. Nelson reported that with the change of banking services to Columbia Bank, new credit cards were issued. Staff questioned Columbia Bank about obtaining additional cards for use by District staff. Columbia Bank has issued new cards including the additional cards. Mr. Nelson advised that the additional cards will not be used until a resolution authorizing this is adopted by the Commissioners.

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 6:05 p.m., Commissioner Anderson advised that the Executive Session would be concluded at 6:10 p.m. At 6:10 p.m. Commissioner Anderson directed Finance Manager Brad Nelson to announce in the District lobby that the Executive Session would be extended to 6:15 p.m. Mr. Nelson did so. The Executive Session concluded at 6:15 p.m. and the open public meeting reconvened.

By motion passed unanimously, the Board directed District staff to attempt to sell District property at corner of 41st Ave. SE and 148th St. SE to the remaining responsive bidders.

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

This ends the Minutes of the October 8, 2015 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

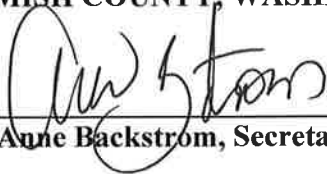
I, the undersigned, Secretary of the Board of Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 October 8, 2015 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 October 22, 2015, 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 22nd day of October 2015.

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



Anne Backstrom, Secretary