

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

March 10, 2016

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 10, 2016, 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 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 regular meeting of February 25, 2016 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	.03-001-.03-044	\$115,321.37
Sewer Maintenance	743 5418666	.03-001-.03-013	604,708.95
Revolving Check Fund		4549 - 4557	35,287.74
Total Warrants			\$755,318.06

b.) **City of Everett Water and Sewer Rate Increase**

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding City of Everett Water and Sewer Rate Increases, for their review. On March 2, 2016, the City provided notice that the 2016 Sewer Rate will change from \$30.13 to \$30.96; the previous Sewer Rate Forecast was \$30.75. Staff recommends this increase be passed through to customers in the Everett Sewer Basin. Alderwood Water & Wastewater District (AWWD) and King County have not increased their sewer rate for 2016. Based on this and Staff's internal review of sewer costs and expenses in the AWWD Sewer Basin, staff continues to expect no District sewer rate increase for customers within the AWWD Basin.

The City of Everett increased their Wholesale Water Rate from \$2.38 to \$2.64 per water unit, which was the expected 2016 Wholesale Water Rate Increase. AWWD is expecting to receive the 2016 water rate increase information from the City of Everett this week, and District staff expects to have this information reviewed and presented to the Board at its meeting of March 24, 2016.

c.) Staff Report – Financial Management Policies (Hotel/Travel) – Resolution No. 722

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report and draft resolution regarding Financial Management Policies (Hotel/Travel), for their review. For the 2013-2014 audit, the Washington State Auditor recommended as an exit item, a Financial Management Policy regarding appropriate hotel accommodation for the Board of Commissioners and other staff, while conducting District business.

The State Auditor's specific recommendation is to establish a maximizing hotel reimbursement, based on the Federal CONUS Rates. In reviewing other agency policies through Municipal Research and Services Center (MRSC), District staff found two agencies that limited their hotel reimbursements; Pierce County and the State of Washington. Pierce County's policy allows the Finance Director to exempt the CONUS Rates; in addition, the State of Washington's policy specifically exempts from these policies its elected officials and state employees traveling with elected officials to conferences and meetings.

The District incurs very little hotel expenses annually and most of the District' hotel expenses are directly related to conferences, meetings, conventions, and training events.

Staff recommended the Board of Commissioners approve and execute Resolution No. 722, updating the District's Financial Management Policies to include policies related to travel and hotel expenses.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and executed Resolution No. 722 updating the District's Financial Policies to include policies related to travel and hotel expenses, and repealing Resolution No. 714.

d.) Staff Report – Low Income Senior or Disabled Rate Program

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding the Low Income Senior and Disabled Rate Program, for their review. Resolution No. 641 was adopted by the Board of Commissioners on July 9, 2009, which authorized low income and disabled seniors to receive a lower water and sewer rate. It also states a customer must be 62 years or older, receive permanent disability payments from a government or private insurance company, and have a gross income not to exceed \$35,000 for a single person or \$40,000 for a married or co-applicant. The income thresholds were set at the same level Snohomish County established for its low income senior property tax exemption. This allows a customer to use their Snohomish County property tax exemption as supporting documentation for their District application.

Effective for 2016, the County's program has an established income level of \$40,000 of household income, without a separation of single and married incomes.

Following discussion, by motion passed unanimously, the Board of Commissioners adopted Resolution No. 724, a resolution providing for new and updated policies regarding Low Income and Disabled Seniors Rates, and repealing Resolution No. 641.

e.) Dwelling Unit Connection Enforcement Moratorium

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding Dwelling Unit Connection Enforcement, for their review. As part of the 2016 Water and Sewer Comprehensive Plan, District staff has been discussing the impacts of additional dwelling units on the system and how to define a “dwelling unit” as opposed to a “single family” residence. In addition, staff is seeing the housing market create new styles of “multi-generational” homes with somewhat separate family living areas, and existing home conversion that may not place system demand higher than a regular single family household. Once useful information is obtained for work on the 2016 Water and Sewer Comprehensive Plans, staff intends to seek Board authorization to solicit the work of a rate consultant to review the District’s rate structure and policies including use of terms like “Dwelling Unit” and “Accessory Dwelling Unit”. Staff sought direction from the Board regarding enforcement of these ADU rates on existing customers which the District discovers may have made changes to their structure(s) or use of the same that may increase the number of “dwelling units” at their home.

Following discussion, by motion passed unanimously, the Board of Commissioners directed staff to not actively pursue the enforcement of new or recently discovered potential additional dwelling unit connections until they and staff can study, review, and discuss these rate structures and policies further.

4.) CAPITAL IMPROVEMENT PROJECT(S)

a.) Developer Extension Agreements

Mr. Curran presented a verbal summary to the Board of Commissioners of four Staff reports regarding Developer Extension Agreements for Guzman Sewer Extension-Lot 105 (1319-130th Place SE), Harms Estates, Raj Gill (3-lot Short Plat), and Pinedale Phase 1, for their review.

Guzman Sewer Extension (1319-130th Place SE, Lot 105) is a side sewer extension project that will provide service to an existing home in the Silver Acres area. The benefiting property is a water customer only until the side sewer is connected. The project requires a DEA as the District will apply for a Utility Right-of-Way Permit from Snohomish County. The project is located adjacent to the western ROW of 14th Drive SE and the northern ROW of 130th Place SE. The Developer is Maria Guzman.

Harms Estate is located adjacent to the north ROW of Seattle Hill Road and the Grange Meeting Hall just east of 35th Avenue SE. This project is a residential subdivision in the City of Mill Creek providing water and sewer facilities for 28 lots. The two existing homes on the underlying properties will be removed. The two homes are on a common well and have on-site disposal systems. The Developer is Harbour Homes, LLC.

Raj Gill Short Plat is a water and sewer extension project that will provide service to a three lot subdivision in Mill Creek. The underlying property is a water customer only and will transfer their water service to one of the newly created lots. This project is located adjacent to the south ROW of 132nd Street SE at 27th Avenue SE. The Developer is Rajwinder Gill.

Pinedale Plat Phase 1 is a residential subdivision in Snohomish County serving to Alderwood Water & Wastewater District by the District's 180th Street Lift Station. This project will construct onsite water and sewer facilities to provide for the plats 33 lots. The project is located east of Sunset Road SE and adjacent to the north ROW of 180th Street SE. It is adjacent to the existing plat of Bear Creek (fka Bruner Addition) Division 1 and the nearly recorded plat for the Canton Highlands DEA. The Developer is Prospect Development.

Following discussion, the Board of Commissioners accepted and executed the Developer Extension Agreements for Guzman Sewer Extension, Harms Estate, Raj Gill Short Plat, and Pinedale Plat Phase 1.

b.) Staff Report – Utility Relocation for Seattle Hill Road Widening Project

Mr. Delfel presented a verbal report to the Board of Commissioners of a Staff report and an updated Project Construction Estimate and Map regarding the Utility Relocation Seattle Hill Road Widening Project, for their review. District staff attended a Utility Coordination Meeting with the County and other utilities and agencies on February 20, 2016 where scheduling and permitting were discussed. The County provided their survey and proposed road, sidewalk, and storm improvements which were helpful in expediting the project. Upon review of the County's drawings, the District would like to expand the scope of work and replace water main beyond the 1,600 LF that was originally proposed to approximately 4,500 LF. Staff identified the following reasons:

1. The existing main in Seattle Hill Road is 12-inch Cast Iron, installed in approximately 1969. The Expansion project provides an opportunity to replace a significant portion of one of the oldest mains in the District.
2. Replacing only the road cut sections creates numerous tie-ins and shut downs to test and connect to the new main. Expanding the project reduces the number of zig-zags and provides a more continuous project for pressure testing and disinfection,
3. There are very few in-line valves along Seattle Hill Road making shut down of the existing main difficult. More valves will be added.
4. The County road moratorium would push off any improvements for a minimum of five years. Future improvements may also require a lane width overlay, whereas this project will allow the District to reduce the road with a simple trench patch.
5. The District has a number of older style hydrants that should be replaced.

If the expansion of the project is approved by the District, the cost of the project will increase over what was previously presented. The original project cost was estimated at \$705,000, while the expanded project is estimated at \$1,919,000 (including contingency, sales tax, and construction administration). In addition, the County identified a new policy that states abandoned utilities within their right-of-way cannot be abandoned in place; they need to be completely removed. If required, this may make expanding the project cost prohibitive.

Staff requested the Board's direction to bid the expanded project. If removing the abandoned mains is required by the County, the District could issue an addendum to its Request for Bids to cover this additional work or delete certain portions of the work set forth in the Request for Bids.

Following discussion, by motion passed unanimously, the Board of Commissioners directed staff to bid the expanded project, and if removing the abandoned mains is required by the County, the Board directed staff to issue an addendum to the Request for Bids to cover the additional work or to delete certain portions of the original Scope of Work.

5.) MAINTENANCE AND OPERATION REPORT(S)

a.) Staff Report – Tobacco and Nicotine Free Policy and Resolution

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report regarding a Tobacco and Nicotine Free Policy and draft Resolution, for their review. Since the adoption of Resolution No. 605, which established a Tobacco Free workplace, E-cigarettes and other vapor systems have increased in popularity and use. These products are not defined with the traditional label of "smoking" and there has been some question if traditional "smoke-free" Washington State Law and District regulations apply to them.

While there are fewer chemicals in the concentrated nicotine liquid than in regular cigarettes, the concentrated nicotine in its liquid form is toxic. In addition, there are increasing reports of the e-cigarette's lithium battery exploding or bursting on fire, which can be a threat to an individual employee, cause injury to other people, start a significant fire, or damage vehicles and equipment.

Resolution No. 723 would include nicotine and e-cigarettes in the District's Tobacco Free Policy, and would provide the General Manager the authority to review and approve an employee's medical cessation treatment that may include the interim use of tobacco and nicotine projects, as prescribed or recommended by an employee's physician.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and executed Resolution No. 723, establishing a Tobacco Free Policy that includes nicotine and e-cigarettes, and repealing Resolution No. 605.

6.) STAFF REPORTS

a.) District Engineer:

No Report.

b.) Finance Manager:

No Further Report.

c.) Attorney:

No Further Report.

d.) **General Manager:**

Mr. Curran reported an interview team comprised of District staff is scheduled to interview an applicant for a new Maintenance Electrician on Friday March 11, 2016. The goal of the interview is for staff to fill this position by April 1, 2016.

Mr. Curran requested the Board of Commissioners to schedule a Special Board Meeting to receive a report from District Staff on issues and policies regarding District Succession Planning. Following discussion, by motion passed unanimously, the Board of Commissioners scheduled a Special Meeting at District Headquarters at 3:00 p.m. on Friday, March 25, 2016, to discuss matters regarding Succession Planning and any other matters that may come before the Board.

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

This ends the Minutes of the March 10, 2016 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 March 10, 2016 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 March 24, 2016, 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 24th day of March 2016.

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


Bill Anderson, Secretary