

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

March 23, 2017

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 23, 2017, 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 regular meeting of March 9, 2017 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	.03-042-.03-077	\$61,410.76
Sewer Maintenance	743 5418666	.03-012-.03-021	182,183.72
Sewer Capital Improve.	743 5448666	.03-002-.03-003	21,444.48
Water Capital Improve.	743 5468666	.03-001-.03-002	17,191.54
Revolving Check Fund		5196 - 5214	42,969.63
Total Warrants			\$325,200.13

b.) Staff Report – Close 2002 ULID Cash and Investment Accounts

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report regarding Close of 2002 ULID Cash and Investment Accounts, for their review. On July 27, 2000, the Board passed Resolution No. 518 establishing ULID 2000-1 which provided sewer improvements to properties in the Morningside Estates area. On November 9, 2001, the Board passed Resolution No. 534 which authorized the final assessments and the amount of ULID bonds to issue.

In December 2016, the District made the final debt service payment of ULID 2000-1 bonds. In February 2017, the District received full payment on the final property assessment. The cash and investment balance of ULID 2000-1 accounts as of February 28, 2017, is \$56,070.41.

With the ULID 2000-1 bonds fully paid and the property assessments fully received, staff recommended the cash and investment balance be transferred to the Sewer Capital Improvement accounts, which have a combined cash and investment balance, as of February 28, 2017, of \$10,713.13.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the cash and investment balance for ULID 2000-1 bonds be transferred to the Sewer Capital Improvements accounts.

c.) Staff Report – 2017 Pass-through Water and Sewer Rate Increase

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report and monthly sewer treatment rate regarding the 2017 Pass-through Water and Sewer Rate Increase, for their review. On March 17, 2017, Everett provided their 2017 Monthly Sewer Rate to the District. This rate is expected to increase from \$30.96 to \$32.92, an increase of \$1.96 per month. Staff recommended a pass-through rate increase of \$1.95 per ERU. The District's sewer rate to customers in the Everett Basin would increase from \$52.05 to \$54.00 per month.

The new Sewer Treatment Contract with the City of Everett provided several changes to the formula. Two of the changes, the reduction of storm water costs and the phased-in reduction of new debt issues annual debt principal, have resulted in a significant savings to the District. The total estimated savings for 2017 is \$417,297.

The Alderwood Water & Wastewater District (AWWD) provided notice that the District's 2017 Sewer Rate would increase from \$44.73 to \$47.17. The 2017 Utility Rate forecast an expected City of Everett Monthly Sewer Treatment Rate of \$47.15. The District's sewer rate to customers in the Alderwood Basin would increase from \$53.95 to \$56.35 per month.

District staff also contacted AWWD staff about the 2017 City of Everett Water Rate increases, which would impact the rates for the Clearview Water Supply Agency and the AWWD Wholesale Customer Rates. AWWD staff reported they had a meeting on March 20, 2017, and the City of Everett's increase under the AWWD contract is expected to be \$.12 per water unit. This is significantly higher than anticipated. AWWD staff will provide more information as it becomes available. Typically, the District starts the pass-through rate increase effective May 1st.

4.) MAINTENANCE AND OPERATIONS

a.) Update on District Headquarter Site Upgrades

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report with attached Gray & Osborne (G&O) Scope of Work Amendments regarding the District's Headquarter Upgrade Project, for their review. Work began in 2015 and, in the development of plans and permitting, additional work items were identified resulting in an expansion of the work G&O was directed to perform. G&O requested a modification of their Contract for Services to expand the scope to include the expanded work requested by the District. Staff requested the Board review the change in Scope of Services and increase the contract limit by \$19,800.00, but not to exceed the total value of \$101,800.00 without prior written District approval.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the contract limit by \$19,800.00, but not to exceed the total value of \$101,800.00 without prior written District approval.

b.) Staff Report – 2016 Valve & Manhole Project Completion

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report with attached photos regarding the 2016 Valve & Manhole Project, for their review. District crews inspected the water valve box and sewer manhole adjustments done by Quilceda Paving for the 2016 Snohomish County Overlay Project. All adjustments made were satisfactory and show good workmanship.

The District supplied new sewer castings to replace the older style castings in all of the overlay areas. The water castings were replaced with new locking castings on 35th Avenue SE.

The raising to grade of all impacted District manholes and valves is complete. However, the Contractor, while performing the work in the intersection of 116th and 35th Avenue, encountered work requirements that were a change from the work as described in the bid. The eight valves in this intersection were discovered during construction to have been adjusted many times in the past using a quick fix approach of just adding a nested valve casting on top of the prior casting each time the intersection was paved. This work was further complicated by concrete protective collars poured around each of the subsequent extensions as was seen in the photos provided.

District staff directed Quilceda Paving to remove the patchwork of stacked valve casting and to install the locking valve extender provided by the District. The District is reviewing the Contractor's request for compensation for the extra work. Staff will prepare Change Order No. 2 for this project that will include the cost for the valve adjustments in 116th at 34th Avenue, and when executed, staff will present the project to the Board as complete, request final acceptance of the project work, and request authorization to initiate the documentation for release of retainage.

c.) Staff Report – Reservoir No. 3 Improvements

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and field construction photos regarding Reservoir No. 3 Improvements 2017. The plans for modification to the Reservoir tank are adding gutters, stairs, vent improvements, a safety circumferential catwalk, and security additions that will replicate the improvements constructed at Reservoir No. 2. The booster station improvements are a significant alteration of the District's site building and will require City of Everett building permits and inspections. These building plans have been submitted to the City of Everett for their review. When Everett issues the building permit, staff will present the District's project to the Board and will ask for authorization to advertise the project for public bid.

d.) Staff Report – Recommendation for Position Upgrade

Mr. Curran presented a staff report to the Board of Commissioners regarding a recommendation for position upgrade. Staff members Mr. Ricky Gordon and Mr. Payton Flude have both recently completed a series of work achievements and are being promoted

from Utility Worker 1 to Utility Worker 2 (Entry). The new monthly salary of \$4,856.00 for Mr. Gordon and for Mr. Flude each will become effective March 29, 2017.

5.) **INTER-AGENCY REPORTS**

a.) **Snohomish County Franchise Renewal**

Mr. Curran presented a verbal summary to the Board of Commissioners on the proposed process to renew the District's Snohomish County Franchise.

b.) **CWSA 2016 Financial Finals**

Mr. Curran presented a verbal summary to the Board of Commissioners regarding a CWSA Annual Report Certification document for the year ended December 31, 2016, for their review.

6.) **STAFF REPORTS**

a.) **District Engineer:**

Mr. Gilmore reported to the Board of Commissioners that the District solicited the Small Works Roster for the Seattle Hill Road Valve & Manhole Adjustment project and selected Taylor's Excavators for this work as the lowest responsible bidder.

b.) **Finance Manager:**

No further report.

c.) **Attorney:**

No further report.

d.) **General Manager:**

Mr. Curran reported on a Headquarter Site Security Meeting with staff.

Mr. Curran reported on Active Shooter training District staff had recently received. He will prepare and propose a District policy for Board consideration regarding employees possessing weapons such as firearms on District premises.

Mr. Curran reported on a Headquarter Site Building Permit meeting he and Mr. Brandt McCorkle had with the Snohomish County Building Inspector. This process appears to be moving forward.

The General Manager requested an Executive Session to (1) discuss the District's pending appeal of certain State taxes pursuant to RCW 42.30.110 (1) (i) due to litigation, and (2) discuss a matter pursuant to RCW 42.30.110 (1) (g) to evaluate the qualifications of applicants for the position of District General Manager. A motion was made, seconded and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss those matters on those bases. Before convening to the Executive Session at 6:20 p.m., President Backstrom advised that the Executive Session would be concluded at 6:35 p.m. The Commissioners, the General Manager and Mr. Milne then attended the Executive Session. The Executive Session concluded at 6:35 p.m. and the open public meeting reconvened.

Following discussion, by motion passed unanimously, the Board of Commissioners authorized and directed Commissioner Backstrom to communicate an offer of employment to Mr. Curt Brees for the District's General Manager Position and directed Mr. Milne to draft an agreement for this hire. It was hoped an Agreement signed by Mr. Brees would be presented to the Board of Commissioners for possible final action at the regular District meeting of April 13, 2017.

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

This ends the Minutes of the March 23, 2017 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 23, 2017 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 April 13, 2017, 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 13th day of April 2017.

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



Rod Keppler, Secretary