

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

May 25, 2017

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on May 25, 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, General Manager Curt Brees, District Engineer Rick Gilmore, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne; David Hoagland with Clifton Larson Allen; 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 May 11, 2017 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	.05-045-.05-087	\$263,450.15
Sewer Maintenance	743 5418666	.05-015-.05-019	519,802.73
Revolving Check Fund		5330 - 5372	58,291.02
Total Warrants			\$841,543.90

b.) Staff Report – 2016 Financial Statements

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding the 2016 Financial Statements, for their review. The Statements are required to be submitted to the State Auditor's Office by May 30, 2016. The State Auditor's Field Audit should begin this fall. The District will then return to a regular two-year audit cycle, with the next State Audit being in 2019.

Mr. Nelson also provided a historical overview of key financial information from 2006 to 2016 and of a Table that shows historic Net Operating Income (Operating Revenues less Operating Expenses), and Net Contribution to Net Assets (Net Operating Income plus Non-Operating Income/Expenses and Contributed Capital).

c.) 2016 Audit Report

Mr. David Hoagland with Clifton Larson Allen, provided the Board of Commissioners with the Financial Statements and Supplementary Information report regarding the 2016

Financial Statements and the impacts of GASB No. 68, related to pensions (Years ended December 31, 2016 and 2015).

4.) CAPITAL IMPROVEMENTS

a.) Update on the District Headquarters Project

Mr. Brees provided a verbal report to the Board of Commissioners regarding updates on the District Headquarters project. Revisions to a storm water easement required for Snohomish County permitting have been completed and permits are expected to be issued soon.

Staff met internally to discuss the plans, contract, and specifications for the Headquarter site Project. Provided all previous comments have been incorporated, the project is now ready to go to out for bid. Mr. Brees discussed with Brandt McCorkle of Page & Beard, the ad dates of May 31 and June 7, with bid opening scheduled for June 21. This would allow for site work to begin at the beginning of August. Ads will appear in the Everett Herald and Daily Journal of Commerce.

5.) MAINTENANCE & OPERATIONS

a.) Staff Report – Selection of On-call Engineering Services Provider

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report regarding the 2017 General Engineering On-call Services Contract selection, for their review.

Because the District is nearing the end of the final term of the Contract with Gray & Osborne, Inc., District staff utilized the MRSC Roster, which is the District's roster for professional and engineering services. Selecting from the list of service categories desired for the scope of the on-call contract, a list of thirteen firms that provided the identified services was obtained from by MRSC. This list was reviewed by staff and a short list of three firms was selected for further evaluation of capabilities to meet the Districts varied engineering needs.

The three short listed firms posted Statement of Qualifications (SOQ) that were reviewed. The firms were RH2, a regional engineering firm with multiple local offices and familiarity with special purpose districts; Gray & Osborne, Inc., a regional engineering firm with multiple local offices; and HDR, a large national engineering firm with local offices staffed with personnel to meet the categorical service needs of the District.

Following review of the SOQ's, District staff determined that Gray & Osborne, Inc., was the most qualified consultant to provide on-call engineering services tot eh District because they have a history of excellent performance with the District, and has maintained a high level of service through the District's most recent contract. They are familiar with the District's infrastructure and are fully qualified to provide the full spectrum of engineering service needs sought by the District.

Therefore, District staff recommended the Board of Commissioners, if in agreement with their recommendations by motion, direct the General Manager to negotiate a contract for on-call engineering services with Gray & Osborne, Inc.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the recommendations of staff and directed General Manager Curt Brees to negotiate and execute on behalf of the District, a contract for on-call engineering services with Gray & Osborne, Inc.

b.) Staff Report – Potential Lease of District Property for New Wireless Facility

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding Potential Lease of District Property for a Wireless Communication Facility, for their review.

Glotel, Inc., representing Verizon Wireless has been in contact with District staff to renew discussions regarding the possible lease of a portion of the District's Headquarter site to construct and operate a wireless communication facility. The District previously entertained a similar discussion, however, this discussion was tabled so it would not interfere with the permitting of the District's own planned improvements at the Headquarter Site. With the planning and permitting for the site nearing completion, it may be a more appropriate time to consider the request for a lease to construct a wireless facility.

The potential benefit to the District is lease revenue from an otherwise unused portion of the site. Annual revenues from each of the five existing leases at other sites, range from \$23,091 to \$36,759. The total anticipated lease revenue from existing leases in 2017 is \$161,226. Additionally, the District currently uses Verizon's wireless services for mobile devices and backup communication to remote sites; however, coverage is poor at the Headquarters site.

On May 12, 2017, District staff met with a representative of Glotel, Inc. to walk the site, reviewing locations around the property that might be suitable for a wireless facility. The District's primary concerns for locating a facility are: maintaining site security, ensuring the use does not interfere with any use of the site by the District, and minimizing impact to neighboring properties. Two locations were determined to warrant further consideration: Location 1 is the northwest corner of the site, and Location 2, on the southwest corner of the site (triangle shaped parcel). Glotel's representative identified that Location 2 would be the preferred location as Location 1 has large trees in the vicinity and is closer to adjacent homes; this increases setbacks from the property line.

Staff recommended continuing discussions based on the following principals: the use doesn't interfere with any District use, permitting or planned construction activities; and that the prospective lease holder pay the District direct costs (legal, engineering, and any other professional services) associated with any preliminary right of entry agreement and lease on a reimbursement or deposit basis.

Following a discussion where it was confirmed that Verizon would be responsible for permitting their proposed improvements, the Board of Commissioners approved staff to continue discussions with Glotel, Inc.

c.) Staff Report – Utility Maintenance Worker 2 Recruitment

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding the Utility Maintenance Worker 2 Recruitment, for their review.

On May 18, 2017, interviews were held for six candidates which met the requirements for this experienced position. Mr. Jeremiah Jenkins was identified as the most qualified for the position and the District extended a conditional job offer to him. His start date will be June 5, 2017.

d.) Staff Report – Network Server Virtualization

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding Network Server Virtualization, for their review.

The District's practice has been to purchase separate physical server computers for different uses: one for financial software, one for SCADA, and one for GIS, etc. The IT industry has been moving toward a new model of server virtualization. Under this model multiple servers are "virtualized" running in a simulated environment on a single device. Multiple applications on "virtual machines" can be run off of a physical server. The benefits of the virtualization approach is that the District would gain considerable flexibility in operations, backups, and emergency scenarios. It's also cheaper over time for comparable performance with less physical servers to maintain and replace.

This year the District has a number of physical servers that are scheduled to be replaced. Rather than replace these servers with new physical servers, there is an opportunity to virtualize many of the District's existing servers for a comparable cost. Staff would like to purchase two host servers and a 10 GB switch to enable fast communications between them. One host server would be in the Primary Server Room and one would be in the Bunker Backup Server Room. All of the existing servers would be virtualized onto these two servers except for the District's domain controller, video camera recording servers, and the SCADA server.

Three price quotes were obtained for the two virtual machines and the switch. The most favorable is a customized quote from Dell for \$44,877.87, including sales tax. Staff requested the Board of Commissioner, by motion, authorize the District General Manager to purchase the servers and the switch from Dell.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the purchase of two Virtual servers and a 10 GB switch from Dell, in an amount not to exceed \$44,877.87, including sales tax.

6.) INTER-AGENCY REPORT(S)

a.) Update on Public Works Trust Fund Loan

Mr. Brees provided a verbal update to the Board of Commissioners regarding a Public Works Trust Fund Loan. Mr. Brees, Mr. Curran, and Mr. Gilmore met with the City of Everett and Mukilteo Water & Wastewater District representatives regarding the current schedule and scope of planned improvements to the Everett Wastewater Treatment Plant. In July, 2017, a request will be made of the Public Works Board to extend the term of the loan through 2021, so that the total loan amount can be fully utilized for the improvements at the plant that were anticipated to have already occurred, but are now scheduled to occur later.

b.) Transfer of Ownership of Sewer Line to AWWD

Mr. Brees provided a verbal summary to the Board of Commissioners of a Letter of Understanding he received from Mr. Jeff Clarke regarding the Interlocal Agreement in regards to ownership of a sewer main, for their review. A sewer line located within the plat of King's Corner is intended to provide service to an area within the AWWD via the Silver Lake conveyance system and the 180th Street Lift Station. The transfer will allow AWWD to modify the sewer line in advance of a County road project.

Following discussion, by motion passed unanimously, the Board of Commissioners authorized the General Manager to transfer ownership of the sewer line to the AWWD based on terms of the Interlocal Agreement and the Letter of Understanding.

7.) STAFF REPORTS

a.) District Engineer:

Mr. Eric Delfel with Gray & Osborne reported that the draft Water System Plan has been distributed for review by other agencies.

b.) Finance Manager:

No further report.

c.) Attorney:

No further report.

d.) General Manager:

Mr. Curran presented a resolution declaring the District's intention to sell certain surplus District personal property at private or public Sale. Property described in Exhibit "A" of the resolution includes an Emergency Preparedness Kit and a Samsung-SM-G930V phone which is no longer needed by the District, and pending the authorization of the Board, will be sold at private or public sale pursuant to the requirements of Chapter 57.08 RCW.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and executed Resolution No. 739 to surplus the Emergency Preparedness Kit and Samsung-SM-G93V phone, no longer needed by the District.

Mr. Brees reported there is a meeting scheduled with Snohomish County on June 7, 2017, to discuss the current and future plan for the Cathcart Site. The timing for this meeting is good as we work to finalize the Wastewater Comprehensive Plan.

Mr. Brees reminded the Board of Commissioners of a BBQ tomorrow beginning at Noon in celebration of Memorial Day holiday. The District office will be closed for the day at that time.

Mr. Brees reported to the Board of Commissioners that on June 21, 2017, the District will host the CWSA Annual Dinner Meeting. Doors will open at 5:30 p.m. with dinner served at 6:00 p.m.

This ends the Minutes of the May 25, 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 May 25, 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 June 8, 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 8th day of June 2017.

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



Rod Keppler, Secretary