

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

August 10, 2017

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on August 10, 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 Curt Brees, 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 July 27, 2017 were unanimously approved as circulated.

3.) PUBLIC COMMENT

There was no members of the public present for comment at this meeting.

4.) 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	.08-001-.08-038	\$174,784.82
Sewer Maintenance	743 5418666	.08-001-.08-012	9,783.19
Sewer Capital Improve.	743 5448666	.08-001-.08-002	2,111.69
Water Capital Improve.	743 5468666	.08-001-.08-001	534.17
Revolving Check Fund		5493 - 5502	2,866.96
Total Warrants			\$190,080.83

b.) Staff Report – 2018 Medical, Dental, Vision, and VEBA

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding 2018 Medical, Dental, Vision, and VEBA, for their review.

The District provides medical, dental, vision, and a Health Retirement Account (HRA – MVEBA) contribution to employees and elected officials. The Board of Commissioners annually reviews insurance proposals, both in terms of costs and coverage levels, and the monthly benefit stipend. The current monthly stipend is \$2,215, which was last increased in January of 2015.

The District's insurance broker is currently soliciting bids from the market for medical, dental, and vision insurance. Staff expects the annual increase to be around 8-12%. In addition, staff is recommending a review of the State's Public Employee Benefit Board (PEBB). Political subdivisions of the State, including the District, may participate in PEBB by means of an Interlocal agreement, obtaining insurance under the terms negotiated by the State Benefits Board. PEBB offers a wider range of insurance options to employees, including retiree medical, at costs comparable to the District's current Regence plans with comparable coverage benefits. Besides retiree medical options, PEBB uses a different methodology for allocating costs for dependent coverage, especially children. While the cost comparison for employee coverages may be similar, the overall cost savings under PEBB for employees with two or more children or a full family may be significant.

Since the monthly stipend has been typically pegged at the median costs for a family with two children, this savings may translate well to the calculation of the monthly stipend. However, there are some less than favorable PEBB requirements, such as opt out limitations, flat dental and vision rates regardless of the number of dependents, the provider network, and a smoker premium. To review these options, the General Manager will form a group of employees to review the insurance options. In addition, one of the requirements of PEBB is a sixty day notice before an employee can enroll. As such, if the District's decision is to select PEBB, then this decision would need to be made by September 30, 2017 to avoid any lapse in employee coverage. Staff will keep the Board further advised on the matter.

5.) CAPITAL IMPROVEMENT PROJECT(S)

a.) District Headquarters Project Update

Since the last report, the District has obtained all required project permits from Snohomish County and the signed Construction Agreement with Petra, Inc., including required contract documentation such as proof of insurance coverage and bonding.

The pre-construction meeting with Petra, Inc. and the District's project team was held on Thursday, August 3rd. Based on discussions in the meeting, the effective date of the Notice to Proceed is August 14th. Petra, Inc. has provided a staging plan and preliminary project schedule. This schedule indicates that site work will begin immediately following mobilization, with building fabrication beginning in November or December, 2017.

In preparation for the Contractor's work at the site, eight Maintenance and Operations staff began operations out of the old District office last week. To further prepare, an All Staff meeting was held on Friday, August 4th where the plan for parking and site access was discussed with all District employees.

Also discussed in the pre-construction meeting was the process for contract administration and progress payments. Procedurally, the Contractor will submit an application for payment on the 5th of each month for work completed in the prior month. These applications will be reviewed by the District's project team and approved at the following Board meeting. Change Orders will be used to document all changes to the contract, not just for changes to scope that have an impact to the project budget. Therefore, it is anticipated that there will be one change order per month that summarizes all changes agreed upon between the District and Petra, Inc.

b.) Staff Report – 725 Zone Expansion Project Updated

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and Gray & Osborne’s Scope of Work Amendment and Construction Management Proposal, for their consideration.

Gray & Osborne submitted a request to amend their design scope to provide survey and ramp design in the amount of \$14,720.00, increasing their design contract to a not-to-exceed value of \$63,120.00. Gray & Osborne’s Proposal and their Scope of Services for construction management requested is estimated to have a not-to-exceed value of \$59,180.00. The total value for the increase in Design Services and for Construction Management Services is \$73,900.00.

Mr. Gilmore explained that Snohomish County Right-of-way Permit requirements require that the District construct a full width overlay and construct several new ADA curb ramps. The extent of these restoration requirements was not anticipated and resulted in additional survey and design costs. The District has requested, via a deviation process, to overlay one half of the roadway and reduce the number of curb ramps. In the event that this request is approved by Snohomish County, the total requested increase will not be expended. Staff requested the Board review and, if in agreement, approve the Gray & Osborne requested amendment for additional design scope and compensation and increase their contract limits for Design Services on the 725 Zone Extension project by \$14,720.00 to a not-to-exceed value of \$63,120.00.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the amendment for additional design scope and compensation to increase the Gray & Osborne contract limits for Design Services for the 725 Zone Extension project by \$14,720.00, to a not-to-exceed value of \$63,120.00.

Mr. Gilmore requested that the Board review and, if in agreement, by motion approve the Gray & Osborne Proposal to provide Construction Management Services on the 725 Zone Extension project for an amount not-to-exceed \$59,180.00.

Following discussion, the Board also approved by motion, the Gray & Osborne Proposal to provide Construction Management Services for an amount not-to-exceed \$59,180.00.

6.) MAINTENANCE AND OPERATION REPORT(S)

a.) Purchase Authorization – Variable Frequency Drives for Lift Station No. 3

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding Purchase Authorization for Variable Frequency Drives (VFD’s) for Lift Station No. 3, for their review.

Lift Station No. 3 is a critical facility conveying sewage flows from the Eastern portions of the District, receiving flows from six other lift stations in addition to direct gravity flow. Lift Station No. 3 was completely rebuilt in 1999/2000 and also received an update in approximately 2012 that provided a new generator, additional wet well storage capability, and other site improvements. However, the three Variable Frequency Drives installed in

1999/2000 were not replaced. These units are approaching the end of their useful life and are becoming difficult to maintain.

The VFD's were manufactured by Robicon, which was purchased by Siemens in 2005 following a bankruptcy of the parent company. Siemens no longer makes VFD's under this brand name and support and parts availability is becoming hard to come by, when available at all.

During the upgrades to the site in 2012, provisions were made for the future replacement of the VFD units where an above-grade mounting location and spare conduit runs were installed. The District's electricians, with some configuration support, have the expertise to install replacement units if purchased.

Therefore, as the total anticipated purchase (being complex electrical controls) was estimated at more than \$50,000, a competitive bidding process was undertaken. Three vendors provided bids to supply the specified materials:

Vendor:	Price:
Systems Interface	\$61,890.00
Taurus Power and Controls, Inc.	\$88,815.00
North Coast Electric Co.	\$68,205.00

Staff is requesting the Board authorize the purchase of three Variable Frequency Drive units as specified from Systems Interface as the lowest responsible bidder, for a total cost of \$61,890.00, not including tax.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and authorized staff to purchase three Variable Frequency Drive units from Systems Interface as the lowest responsible bidder, for a total cost of \$61,890.00, not including tax.

b.) Staff Report – Resolution No. 743 – Authorizing Surplus of District Property

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff memo regarding authorizing the surplus of District property and a draft resolution, for their review.

The Technical Services Manager has recommended the surplus of a pair of KBC WES3HTG Ethernet radios. The District purchased these radios for \$1,862.50 to determine the feasibility of Ethernet radio communication between reservoirs, for maintaining backup communications to the primary internet connection. After conducting the test, staff determined that cellular communication was a more effective means of establishing backup communications. It is estimated that the resale value of these radios is approximately 50% of the purchase price, or \$931.25.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and authorized the surplus of the KBCWES3HTG Ethernet radios, and executed

Resolution No. 743 declaring the radios as surplus and detailing the terms of sale or disposal of such property.

7.) **STAFF REPORTS**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

No further report.

c.) **Attorney:**

Mr. Milne presented a verbal summary of a written report that summarized new laws that apply to water-sewer districts resulting from the 2017 Legislative Session.

d.) **General Manager:**

Mr. Brees provided an update on the status of the Franchise Agreement with Snohomish County. The Franchise Agreement has been scheduled for a Public Hearing by the County and approval on August 30th.

Mr. Brees also provided updates on two personnel matters: the status of an employee recruitment and the planned date for an employee's retirement.

The General Manager requested an Executive Session pursuant to RCW 42.30.110 (1) (i) to discuss with legal counsel potential litigation relating to Full Bore/Comcast. 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 the Executive Session at 5:57 p.m., Commissioner Backstrom advised that the Executive Session would be concluded at 6:02 p.m. The Commissioners, District staff, Eric Delfel and John Milne then attended the Executive Session. The Executive Session concluded at 6:02 p.m. and open public meeting reconvened.

This ends the Minutes of the August 10, 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 August 10, 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 August 24, 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 24th day of August 2017.

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



Rod Keppler, Secretary