

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

September 25, 2017

The special meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on September 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 Curt Brees, District Engineer Rick Gilmore; and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne; and Kay Brossard with Inslee, Best, Doezie, & Ryder P.S., Attorney for the District. The special meeting was scheduled to discuss all matters pertaining to District business because of the cancellation of the September 28, 2017, regular meeting, due to conflict with the Washington Association of Sewer and Water Districts' Fall Conference on that date.

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 September 14, 2017 were unanimously approved as circulated.

3.) PUBLIC COMMENT

There were no comments from members of the public.

4.) 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	.09-054-.09-087	\$97,388.89
Sewer Maintenance	743 5418666	.09-013-.09-026	182,838.11
Sewer Capital Improve.	743 5448666	.09-006-.09-006	27,525.30
Water Capital Improve.	743 5468666	.09-010-.09-011	15,559.20
Revolving Check Fund		5594 - 5625	14,620.21
Total Warrants			\$337,931.71

b.) Staff Report – Update on Water Revenue Bonds

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding the preliminary 2017 Water Revenue Bond issuance with attached District Cash and Investment Balances as of June 30, 2017, for their review.

Staff has been reviewing the District issuing Water Revenue Bonds to fund three major capital projects. The Water Revenue Bonds were anticipated to raise approximately six

million dollars for the Headquarters Remodel Project, the Reservoir No. 3 Project, and the 725 Zone Extension Project.

On August 24, 2017, the Board of Commissioners adopted Resolution No. 744, which will allow bond proceeds to be used for costs incurred before the bonds are issued, for costs incurred back to either three years after the expenditure or eighteen months after the improvement is placed in service.

As more information has become available, staff recommended not issuing Water Revenue Bonds at this time. The basis for this recommendation are: Increased reporting requirements through the Electronic Municipal Market Access (EMMA) system; the bond interest costs over 20 years, estimated to be \$2.5 million at a 3.11% net interest rate; the upcoming Water and Sewer Rate study; and the possible option to provide water capital financing by an interfund loan with sewer capital revenues which would avoid paying the interest rate costs to outside parities.

5.) CAPITAL IMPROVEMENTS

a.) Staff Report - Headquarters Project Update

Mr. Brees provided a project update on the District's New Inventory Building, Garage Addition, and TI Project (District Headquarter Improvements). Site work continues on the site this week with the focus on installation of new or relocated storm water structures and pipe. Next week it is anticipated the contractor will focus on the relocation of water main and installation of the off-site sanitary sewer, which will extend on-site to serve the new restrooms in Building "B". During the sanitary sewer installation, some impact to the public accessing the building is expected. District staff will coordinate with the Contractor to keep one lane open for access into and out of the parking lot and to retain access to the public pedestrian entry.

During the relocation of storm water pipe, the excavated soils anticipated to be backfilled and compacted were excessively wet. A change directive was promptly issued allowing the Contractor to continue without delay. Unit prices which were established in the bid process will be used to compensate the Contractor on a quantity basis for the material exported and imported on the site. It is anticipated this will be a minor change.

In weekly project meetings with the Contractor, other minor change requests are being discussed. A change request is an item that the Contractor believes is a change in requirements or conditions that may result in a change in the contract price. These potential change requests relate to:

- The overhead doors - one approved manufacturer does not make a door that meets the specification provided, this was the lowest cost supplier.
- Changing the type of water supply line to appliances.
- The design of the Storm Water Vault must account for ground water and provide drainage or counteract buoyancy.
- A specification was not provided for a standard foundation insulation shown on plans.

6.) MAINTENANCE & OPERATIONS

a.) Staff Report – Resolution No. 747

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report and a draft resolution requesting review by the Health Care Authority (HCA) to participate in the Washington State Insurance plans. 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.

The District's insurance broker (SCS) is currently soliciting bids from the market for medical, dental, and vision insurance. SCS has forecasted that the annual increase will be around 8-12%. It is anticipated that SCS will report back with a proposal in early October with new coverage to take effect on December 1, 2017.

In addition, staff conducted a review of the State's Public Employee Benefit Board (PEBB) plans. PEBB offers a wider range of insurance options to employees, including retiree medical, at costs comparable to the District's current Regence plans. 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 is significant.

To review these options, the General Manager formed a group of employees (Benefits Committee) to review the insurance options, and to consider premiums, coverage, and provider networks. In addition, an All Staff meeting was held on September 20th to share information with the employee group regarding the PEBB program. The Benefits Committee, having taken an in-depth review of the program, has recommended that District submit an application to join the PEBB program.

In order to join the PEBB program, the District must submit application materials and adopt a resolution requesting review by the HCA, which administers the PEBB program, sixty days prior to the effective date of coverage. As such, if the District's decision is to select PEBB for coverage effective December 1st, 2017, the application materials must be submitted and resolution must be in place by October 2, 2017, to avoid any lapse in employee coverage. Following review by the HCA, the District would enter into an Interlocal Agreement with the HCA, with participation being year to year at the discretion of the District.

Following discussion, by motion passed unanimously, the Board of Commissioners adopted and executed Resolution No. 747, to request the approval of the Health Care Authority for the District to participate in the Washington State Insurance plans.

7.) INTER-AGENCY REPORTS

a.) Water and Sewer Risk Management Pool – Semi-annual Meeting Invitation

Mr. Brees presented to the Board an invitation and agenda that he received from the Water and Sewer Risk Management Pool regarding a Semi-annual meeting that he and Commissioners have been invited to attend on Wednesday, October 18, 2017, from 9:00 a.m. to 3:15 p.m. at the Lynnwood Convention Center.

Following discussion, it was decided that no one would attend the meeting this year, as the Districts current Insurance Pool is providing a high level of service at reasonable premium expense.

8.) STAFF REPORTS

a.) District Engineer:

Mr. Gilmore provided a verbal report to the Board regarding the Seattle Hill Road Valve and Manhole Adjustment Project. No staff report was included in the packet due to timing of the meeting. Following a brief project status report, Mr. Gilmore presented a summary of Progress Pay Estimate No.1, totaling \$42,092.50 which has been reviewed and recommended for payment by Gray & Osborne. Following discussion, by motion passed unanimously, the Board of Commissioners approved Progress Pay estimate No. 1 totaling \$42,092.50.

b.) Finance Manager:

Mr. Nelson provided a status update to the Board on the hiring process for the Accounts Payable/Payroll Coordinator position. The recruitment will close this week and a review of the candidates is anticipated in the first week of October.

c.) Attorney:

No further report.

d.) General Manager:

Mr. Brees provided a summary to the Board of Commissioners of a Washington Association of Sewer and Water District notice of the 2017 Annual Membership Meeting, to be held on September 29, 2017, at 11:00 a.m., at the Wenatchee Convention Center, during the WASWD Fall Conference.

This ends the Minutes of the September 25, 2017 special 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 September 25, 2017 special 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 12, 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 12th day of October 2017.

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



Rod Keppler, Secretary