

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

October 26, 2017

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on October 26, 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 October 12, 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	.10-047-.10-084	\$99,531.53
Sewer Maintenance	743 5418666	.10-013-.10-020	166,782.48
Sewer Capital Improve.	743 5448666	.10-004-.10-007	76,299.92
Water Capital Improve.	743 5468666	.10-009-.10-009	3,961.25
Revolving Check Fund		5662 - 5687	9,915.52
Total Warrants			\$356,490.70

b.) Staff Report – Financial Reports – Third Quarter – September 30, 2017 (Pre-closing)

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report and regarding the Third Quarter Financial Reports (September 30, 2017/Pre-closing), for their review.

Mr. Nelson reported that overall, the District's financial performance is very good and the District's total revenues through September 30, 2017 are \$19,639,815. This is an increase of \$1,373,539 from 2016. Increased revenue is attributable to significantly higher water consumption this summer and additional connection fee revenue. The District's total expenses posted through September 30, 2017 were \$13,036,382. This was an expense increase of \$551,058 through the third quarter of 2017. Factors contributing to increased

costs include increased labor costs with the retirement payout of two employees, wholesale water purchases, and the payment of the disputed sewer excise tax to the Department of Revenue.

c.) Staff Report – 2018 Equipment Replacement & Operating Capital Purchase Assumptions

Mr. Nelson reported regarding 2018 Equipment Replacement & Operating Capital Purchase Assumptions. Equipment purchases planned for 2018 total \$787,700, largely attributable to the replacement of one of two Vactor trucks operated by the District. Due to the large cost associated with the purchase of a Vactor truck, staff will report back to the Board of Commissioners with a specific purchase recommendation for this vehicle.

Mr. Nelson and Mr. Brees also presented several changes to assumptions in how vehicles are assigned or utilized, including Vehicle No. 59, a 2014 Ford Escape. Currently, this vehicle is assigned to the General Manager. The plan for 2018 is to use this vehicle as an office staff pool vehicle. The General Manager would then use a personal vehicle reimbursed on a mileage or monthly allowance basis. This will be considered as a part of the 2018 Salary and Wage Report.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the 2018 Equipment Replacement and Operating Capital Purchase assumptions.

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, utility installation, and grading is currently the Contractor's primary focus. The new sewer line extending from the manhole located in 152nd PL SE on the site is complete through the roadway and entry parking lot. The submittal process on the project is nearing completion, with the last outstanding elements related to the pre-fabricated buildings. Finalizing these submittals is a critical path for the project as work on the footings is dependent on the building design.

At the last meeting with the contractor, the District was presented with a Claim for Additional Compensation and Time. This claim is related to the rejection by the District of a Change Order Proposal submitted by Petra, Inc. for costs associated with the Storm Water Vault. No further action is required at this time by the District in response to this Claim.

It is anticipated at the next meeting that a formal contract change order will be presented for approval, along with the progress payment. This first change order will incorporate the change directives that have been completed and the change order proposals that have been agreed upon.

b.) Staff Report – 725 Zone Project Update

Mr. Gilmore reported on the status of the 725 Zone Project.

The Project was advertised and the Board approved award of the construction of the 725 Zone Extension to Laser Underground and Earthworks, Inc. of Snohomish, WA. Laser Underground has mobilized to the construction site and work began this week. Laser Underground has signed an Access Agreement with the District that allows their use of the eastern portion of the Reservoir No. 2 site as a storage yard.

Laser Underground has provided their anticipated construction schedule that shows substantial completion to be accomplished in early December, 2017.

c.) **Staff Report – Reservoir No. 3 Construction Management Proposal**

Mr. Gilmore reported on Gray & Osborne's (G&O) Scope of Work and Fee Proposal regarding the Reservoir No. 3 Construction Management Proposal.

Staff had requested the Board's authorization to advertise the project for public bid upon completion of the project documents. The project was advertised in the Everett Herald, the Seattle Daily Journal of Commerce, and the District utilized the G&O bid solicitation posting on their website to provide for communication and distribution of plan services. The bids were opened on Tuesday, October 24, 2017, and a separate Board Action Report will be presented with staff's recommendation for award.

Staff previously received direction from the Board to relocate the perimeter fencing on the project site to the approximate property limits, leaving a two-foot buffer outside of the District's fence and short of the actual property lines. The Property Survey prepared for this project indicated that three of the neighboring properties had encroachments that would need to be relocated or removed in order to set the fence at the planned location. A notification letter has been sent to each of these property owners, along with a copy of the Survey.

Staff requested the Board of Commissioners allow the General Manager to present an alternative to the property owners that would be impacted by the District's direct relocation of the perimeter fencing, in the event that they request accommodation. The alternative that staff would recommend is a Revocable License Agreement with the impacted property owners that would delay immediate action by the District but identifies the legal authority and conditioned consent for temporary use by the affected properties.

G&O submitted the Proposal and Scope of Services for construction management services that includes survey work, submittal review, project management, construction meetings, inspection and observation documentation, start-up assistance, and record drawing development. The work involves coordination with specialty inspection assistance for painting and steel fabrication, and coordination with the City of Everett building officials and Snohomish PUD. Their proposed fee for these services is a not-to-exceed value of \$ 272,400.00. The project work is similar to the Reservoir No. 2 Painting project for the tank's structural and painting improvements, but includes additional construction management for other improvements including site work, fencing, a new booster station building, emergency generator, crane assembly, and mechanical modifications that add a third pump and piping modification. By comparison, the Construction Management Services provided by G&O for the Reservoir No. 2 project in 2014 totaled \$142,700.00.

Staff recommended the Board by motion, approve the G&O Proposal to provide Construction Management Services as identified, for an amount not-to-exceed \$272,400.00.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the G&O Proposal and Scope of Work for the Reservoir No. 3 Improvements project in an amount not-to-exceed \$272,400.00; and authorized the General Manager to enter into a Revocable License Agreement with adjacent property owners if the accommodation is requested and he feels that is appropriate.

d.) Staff Report – Reservoir No. 3 Improvements Project Award

Mr. Brees reported on the Bids received for the Reservoir No. 3 Improvements project.

The Reservoir No. 3 Project Bid Opening was held on Tuesday, October 24, 2017, at 2:00 p.m. There was a significant response by contractors to this Request for Bid, with nine general contractors providing bids for the project. The evaluation of bids received could not be completed in time for this meeting. Staff will complete the review of bids and make a recommendation for award at the next meeting scheduled for November 9, 2017.

e.) Staff Report – Developer Extension Agreement – Cruz Residential Sewer Connection

Mr. Gilmore reported on a Developer Extension Agreement for the Cruz Residential Sewer Connection.

The Cruz residential sewer connection is located between 36th Drive SE and 37th Avenue SE, north of 116th Street SE. It is a residential lot in the plat of Mark Haven Division 4 that is adjacent to the Plat of Silver Lake East in unincorporated Snohomish County. This project will construct a side sewer from the Cruz home on 36th Drive SE to an existing sewer in 37th Avenue SE. The Developers are Martin & Iris Cruz.

Following discussion, by motion passed unanimously, the Board approved and executed the Developer Extension Agreement for the Cruz residential sewer connection.

6.) MAINTENANCE & OPERATIONS

a) Staff Report – Interlocal Agreement – Health Care Authority

Mr. Brees reported on draft Resolution No. 750, the Acceptance Letter from Public Employees Benefits Board, and an Interlocal Agreement.

The District provides options for medical, vision, dental, Life and Long Term Disability Insurance in addition to a Health Retirement Account (HRA-MVEBA) to employees and elected officials. Annually, these must be reviewed coinciding with any changes to coverage or premiums for insurance. Historically, the District purchased insurance via a pool available to the District from Snohomish County acting as the District's Treasurer. In recent years, the District has contracted for coverage by means of a broker that coordinates directly with insurance carriers for coverage.

This year a committee of District employees reviewed options for insurance, and, as a result, recommended a new option to join the State administered Health Care Authority (HCA), a program known as PEBB. This recommendation was reviewed at the September

25, 2017 Board of Commissioners meeting. At that meeting the Board adopted Resolution No. 747 which authorized staff to apply to the program for medical and vision coverage. This application was subsequently made by staff.

The District received notice from the HCA in a letter dated October 18, 2017, of the District's acceptance into the program with an effective date of coverage starting December 1, 2017. To complete the process, the District must enter into an Interlocal Agreement with the HCA. This agreement will commit the District to one year of participation in the PEBB program.

As the District's application and coverage under PEBB will be for Medical and Vision Coverage, District staff solicited proposals from both SCS, the District's current insurance broker, and Arthur J. Gallagher & Co., the District's HRA-MVEBA administrator for Dental, Life and LTD coverage of District Employees. These proposals for Dental, Life and LTD coverage were recently reviewed by the employee group. The employee committee recommends obtaining those coverages through MetLife with Arthur J. Gallagher & Co. as the broker. There will be a net savings for these coverages as compared to the current coverage for a comparable level of benefit.

Mr. Brees provided a summary of the proposed coverage which detailed the total cost of coverage for a representative employee.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the Interlocal Agreement between Washington State Health Care Authority and Silver Lake Water and Sewer District, to provide medical insurance coverage of District employees and elected officials by the adoption of Resolution No. 750.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the proposal presented by Arthur J. Gallagher & Co. for MetLife Dental, Life and LTD coverage of District employees and authorized the General Manager to execute the agreement with MetLife.

b.) Payroll/Accounts Payable Coordinator Recruitment

Mr. Brees reported the position of Payroll/Accounts Payable Coordinator has been filled. Ms. Kelli Armstrong will begin work on November 1, 2017.

c.) Cancel Regular Meeting of November 23, 2017 and Reschedule a Special Meeting

By motion passed unanimously, the Board of Commissioners determined to cancel the regular meeting of the Board on November 23, 2017, and to schedule a special meeting of the Board on Tuesday, November 21, 2017, to consider all matters of the District, to be held at the District Administration Building commencing at 5:30 p.m.

7.) INTER-AGENCY REPORTS

a.) Snohomish County Cathcart Property South Development Plans

Mr. Brees reported on the Cathcart South Property Open House.

b.) Everett Water Users Group (EWUC)

Mr. Brees reported on Everett's Water Situation Fact sheet and Water Storage Spada Elevation and Water Demand graphs.

Brees and Gilmore attended the Everett Water User Group Meeting hosted by the City of Everett on October 19, 2017. Topics of interest discussed at the meeting included the water supply situation and updates on various capital and maintenance projects.

In reviewing the Water Supply Situation fact sheet and graphs, the City of Everett observed usage that was 7.5% higher than normal through the end of September, 2017. Reservoir levels are lower than typical as a result. However, this is not a concern as they have begun to rise with the initial storms.

The District will host the next meeting of the Everett Water User Group on December 21, 2017.

8.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

No further report.

c.) Attorney:

Mr. Milne provided an update on the King County ordinance that assesses rent for use of the public right-of-way that will be applicable to both public and private utilities. Mr. Milne provided copies of the proposed rules and assessment methodology.

d.) General Manager:

Mr. Brees provided an update related to damages incurred to a District sewer line by an excavator. The District has invoiced the excavator and filed a complaint with the State's safety review committee for such matters. Mr. Brees and Mr. Berger presented the District's position at a recent hearing on the matter. The Safety Committee determined the excavator to be in violation of the statute and will recommend to the Utilities and Transportation Commission that the excavator be fined. It is anticipated that this finding will lead to the District's claim being paid by the excavator.

This ends the Minutes of the October 26, 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 October 26, 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 November 9, 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 9th day of November 2017.

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


Rod Keppler, Secretary