

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

November 9, 2017

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on November 9, 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, Inc.; 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 26, 2017 were unanimously approved as circulated.

3.) PUBLIC COMMENT

There was no members of the public present for comment at the 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	.11-001-.11-038	\$204,849.61
Sewer Maintenance	743 5418666	.11-001-.11-011	506,412.47
Sewer Capital Improve.	743 5448666	.11-001-.11-004	178,212.09
Water Capital Improve.	743 5468666	.11-001-.11-004	252,165.38
Revolving Check Fund		5688 - 5707	53,455.36
Total Warrants			\$1,195,094.91

b.) Staff Report – 2018 Contracted Water and Sewer Rates

Mr. Nelson presented a verbal summary to the Board of Commissioners of a Staff report forecasting 2018 Contracted Water and Sewer Rates, for their review.

In his report Mr. Nelson summarized the forecasted water wholesale rate changes from the District's three wholesale water providers for a five year period with a detailed forecast for next year. It is projected that the District will pay a blended rate of \$1.08 per CCF in 2018 and \$1.22 per CCF by 2022. Annualized, this increase amounts to 2.25% per year. Total quantities purchased are also expected to grow as additional customers are added.

In respect to sewer treatment charges from the District's two wholesale providers, the City of Everett and Alderwood Water & Wastewater District (AWWD), rates are anticipated to be \$35.91/ERU and \$47.25/ERU respectively in 2018. However, the rate of increase through 2022 is expected to be higher for Everett at 3% per year vs. 1.55% per year for AWWD.

As each of these wholesale rates are adjusted on schedules specific to their individual Interlocal agreements, the District's retail rates will be adjusted one time in May, 2018, to account for the cumulative impact of the wholesale rate changes.

c.) Staff Report – 2018 Wage & Salary Forecast

Mr. Nelson reported to the Board of Commissioners on a Staff report regarding proposed 2018 Wage and Salary, for their review. Mr. Nelson provided updates regarding changes due to retirements, anticipated cost of living increases, proposed staffing levels for 2018, and merit adjustments for eligible staff.

Retirements that occurred in 2017 and the difference in wages for the corresponding new hired employees will result in a decreased salary cost of \$108,575 in 2018.

The District's total full-time staff is proposed to increase to 30 for 2018, up from 29 in 2017. A proposed change is to assign and reclassify one current employee from a Maintenance Work to an IT Technician. A new Maintenance Worker would be hired in 2018 to backfill the role. During 2017, the affected employee was allocated 50% to field maintenance and 50% to IT. This reclassification and new position are estimated to cost an additional \$86,476 in wages and benefits.

Estimates for overtime wages, On-call Duty, and Seasonal Labor are anticipated to be relatively static from 2017 to 2018. Commissioner compensation for 2018 is anticipated to rise mid-year when the State reviews and adjusts the commissioners' per diem rate.

Cost of living increases are expected to be 3.13%. The District has used the CPI-W for the Seattle area comparing the period ending in October 2017, to set the cost of living increase for the following year. The final number is scheduled to be published in mid-November 2017.

The General Manager will bring back to the Board a proposed salary plan in December 2017 that will include recommendations for individual merit increases if applicable for District employees. Average percentage increase has been used to create the forecast.

No other wage or benefit costs are expected to change in a significant way between 2017 and 2018. The net total increase of all salary and benefit changes from 2017 to 2018 is 3.96%.

5.) CAPITAL IMPROVEMENT PROJECT(S)

a.) Staff Report – Headquarters Project Update

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report with attached Payment Application No. 3, and Change Order No. 1, regarding the District's Headquarter Upgrade Project, for their review.

Staff recommended the Board of Commissioners direct staff to process Pay Application No. 3 and approve the changes identified in Change Order No. 1. The total payment to Petra, Inc., minus retainage, requested in Pay Application No. 3 is \$255,718.17. The total change to the contract amount included in Change Order No. 1 is \$23,129.26.

Following discussion, by motion passed unanimously, the Board of Commissioners approved payment of Pay Application No. 3 in the amount of \$255,718.17 to Petra, Inc., and Change Order No. 1 in the amount of \$23,129.26.

b.) Staff Report – Reservoir No. 3 Project

Mr. Brees presented a verbal summary to the Board of Commissioners regarding Draft Resolution No. 749, and Gray & Osborne's Bid Summary Sheet and Review of Bids for the Reservoir No. 3 Project, for their review.

The District received nine bids for the Reservoir No. 3 project on October 25, 2017. The lowest responsive bidder was RAZZ Construction, Inc. of Bellingham, WA. Gray & Osborne reported by letter dated October 25, 2017 to the District that RAZZ Construction met the bidder responsibility criteria and therefore recommended the project be awarded to RAZZ Construction as the lowest responsive, responsible bidder.

Following discussion, by motion passed unanimously, the Board of Commissioners adopted Resolution No. 749 awarding the project to RAZZ Construction, Inc. with the lowest responsive responsible bidder for the bid amount of \$3,262,516.40, including tax. The General Manager was also authorized to execute the Contract on behalf of the District and issue a Notice to Proceed as appropriate.

c.) Staff Report – 725 Zone Extension Project

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report regarding the 725 Zone Extension project, for their review.

Laser Underground and Earthworks, Inc. has commenced construction and the 8-inch diameter main line work has been installed and is currently being sampled for purity and pressure testing. The 12-inch main line installation has begun.

Progress Pay Estimate No. 1 has been prepared by Gray & Osborne and was attached to their report with the Letter of Recommendation to pay Laser Underground for the work performed through October 31, 2017, as identified on Pay Estimate No. 1, including sales tax and less retainage, in the amount of \$ 87,593.81.

Following discussion, by motion passed unanimously, the Board of Commissioners approved payment of Pay Estimate No. 1 in the amount of \$87,593.81 to Laser Underground.

d.) Developer Extension Agreements

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and attached Vicinity map regarding a Developer Extension Agreement for the project of Everett Elementary School No. 18, for their review.

The project is located north of and adjacent to 180th Street SE and east of Sunset Road SE. It is an extension of the District's water and sewer facilities to serve the elementary school in the Everett School District. The school district has reported their full site will include a high school on this same site when developed. The school district is acquiring additional lands adjacent to the north line of this project. This additional land is outside of the District and outside of the urban growth area, and is being planned for athletic play fields. The Developer is the Everett School District.

Following discussion, by motion passed unanimously, the Board approved and executed the Developer Extension Agreement for Everett Elementary School No. 18.

6.) MAINTENANCE AND OPERATION REPORT(S)

a.) Staff Report - Waldenwood Lift Station

Mr. Brees provided a verbal report to the Board of Commissioners regarding the operation of Waldenwood Lift Station.

Additional monitoring and occasional faults by one of the affected VFD units has led to a determination that additional repairs are required to avoid a future failure at the station. District staff determined that replacement of one of the VFD units and a new pump impeller are required to restore the station to normal operation. Monitoring by the District's electrician also indicates that a pump motor failure is likely in the near future; however, the District has a spare rebuilt motor in stock that is the correct make and size for this station.

The replacement impeller was ordered from the station's manufacturer, Smith & Loveless at a cost of \$7,620.37, and three quotes were obtained for the replacement of the VFD unit. The cost of the VFD unit is \$12,041.87. Once the equipment is received it will be installed by District staff. The replaced VFD will be salvaged for parts to maintain the retrained unit.

b.) Staff Report – Water Quality Study

Mr. Delfel reported to the Board of Commissioners on a proposed Water Quality Study that will address a new threshold that has been established for what is considered the minimum residual disinfectant (chlorine) that must be maintained in a water distribution system.

In reviewing the District's Water System Plan and in comments to the District in a recent Sanitary Survey of the water system by Washington State Department of Health staff

(DOH), DOH asked how the District will address these new issues and what steps will be taken to monitor and maintain consistent disinfectant residual levels.

In response to this new requirement and in advance, the Reservoir No. 3 Improvements Project, which will modify the inlet/outlet piping affecting tank mixing and water quality, a Scope of Work has been developed by the District and Gray & Osborne, Inc. The intent is to better understand the normal operation of the District's water system and possible modification to operations to improve water quality with respect to disinfectant residual.

This Scope of Work intends to conduct the work in two phases, and to conduct the work under general engineering as the actual body of work will be a joint effort between District staff and Gray & Osborne, Inc., and will extend a year or more.

Following discussion, by motion passed unanimously, the Board of Commissioners directed staff to proceed as proposed with Phase 1 of the Scope of Work provided by Gray & Osborne, Inc.

c.) Update on Employee Open Enrollment for Benefits

Mr. Brees reported on a letter provided to the Board and staff regarding the employee benefits that will begin on December 1, 2017: PEBB for Medical/Vision, and MetLife for Dental, AD/D and Long Term Disability Insurance.

7.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson requested approval of the Board of Commissioners to issue two checks in advance of the next meeting, one to the Snohomish PUD, in the amount of \$3,750.00 related to relocation of a utility pole on the District headquarters site. The second check in the amount of \$2,500.00 is an initial payment to MetLife for employee, Dental, Life and LTD insurance premiums. Following discussion, by motion passed unanimously, the Board of Commissioners approved issuance of these two checks.

Mr. Nelson provided a brief update regarding the schedule of the State Auditors planned Audit of the District. He indicated audit staff will likely request an entrance conference with one of the commissioners and at a later date, an exit conference would be scheduled.

c.) Attorney:

No further report.

d.) General Manager:

No further report.

This ends the Minutes of the November 9, 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 November 9, 2017 regular meeting of Commissioners, duly adopted at a special meeting of the Board of Commissioners of the District, held at the regular meeting place thereof on November 21, 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 21st day of November 2017.

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



Rod Keppler, Secretary