

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

September 13, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on September 13, 2018, 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, and Ryder P.S., Attorney for the District.

1.) CALL TO ORDER:

Commissioner Anderson called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of August 23, 2018 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

There was no members of the public present 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	.09-001-.09-042	\$45,842.86
Sewer Maintenance	743 5418666	.09-001-.09-009	697,771.92
Sewer Capital Improve.	743 5448666	.09-001-.09-003	136,623.64
Water Capital Improve.	743 5468666	.09-001-.09-003	156,476.95
Water Capital Improve.	743 5468666	.09-004-.09-004	320,884.17
Revolving Check Fund		6127 - 6145	48,493.14
Total Warrants			\$1,406,092.68

b.) Staff Report – Resolution No. 764 – Customer Water Leak Adjustment Credit

Mr. Nelson provided a Staff report, Draft Application for Water Leak Adjustment Credit, and Peer Agencies Water Leak Credit Policies to the Board of Commissioners, regarding Draft Resolution No. 764 - Customer Water Leak Adjustment Credit.

On August 9, 2018, a customer of the District provided public comment to the Board of Commissioners regarding his account’s water leak, the higher charge on his bill related to the leak, and requested the District provide an adjustment commonly known as a “leak credit”. The Board communicated the District’s policy has been to not provide a credit for

water leaked through a customer's private water system. However, the Board directed staff to research the District's peer agencies water leak credit policies.

On August 23, 2018, staff reported that of the District's peer agencies, all of them provided some form of a water leak credit. The Board of Commissioners discussed the possibility of a District Water Leak Credit Program and directed staff to prepare a resolution that would provide property owners a credit towards a leak on their private water system under the following guidelines:

- Only property owners of Single Family Residential or Duplex customer accounts will be eligible for a Water Leak Adjustment Credit (please note that staff added for clarification that Property Owners of Single Family Residential and Duplex properties that qualify for the Low Income Senior/Handicapped Water Rates would also qualify for the Water Leak Adjustment Credit).
- Customers must pay for their regular water use at the District's per-unit water rate, currently at a Summer Rate of \$2.45 and a Winter Rate of \$2.20 per water unit.
- Customers must pay for the cost of the leaked water at the Alderwood Water & Wastewater Wholesale Water Rate, currently at a rate of \$1.25 per water unit.
- The customer's water leak must be repaired before receiving a Water Leak Adjustment Credit.
- The Application must be completed within thirty days of notice from the District or the property owner's knowledge of the leak.
- A property will only receive one Water Leak Adjustment Credit once every five years, regardless of changes in occupancy or ownership.
- The Water Leak Adjustment Credit will be calculated based on the consumption and charges reported on the customer's regular bi-monthly or monthly water bill, and there will be no "carry over" water consumption allowed.

Staff requested the Board review Draft Resolution No. 764 and if in concurrence, adopt Resolution No. 764 approving a customer Water Leak Adjustment Credit policy. If the Board of Commissioners adopts Resolution No. 764, a final form will be placed on the District's webpage. In addition, staff will update the District's High Consumption letter that outlines the program for Single Family and Duplex customers.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners adopted and executed Resolution No. 764 – Water Leak Adjustment Credit Policy.

5.) CAPITAL IMPROVEMENT PROJECT(S):

a.) Staff Report – Headquarters Project Update

Mr. Brees presented a Staff report to the Board of Commissioners with attached Pay Application No. 13 and Change Order No. 8 regarding the Headquarters Project Update.

The contractual substantial completion for the project was July 20, 2018, taking into account additional schedule allowed to Petra, Inc. as a part of Change Order No. 6, approved on June 28, 2018. Petra, Inc. has been working on a small list of actions items provided by the County in order to receive the Temporary Occupancy Certificate and to

achieve substantial completion. The District and Petra, Inc. are currently in discussions regarding a Change Order No. 9, which would include all remaining items that are in dispute.

Pay Application No. 13 was submitted for review and approval. The total payment requested is \$258,220.67, for work completed in the month of August, 2018.

Change Order No. 8 was submitted for review and approval. This change totals \$3,333.33, and will provide controls to automatically shut off the unit heaters in the Building "B" addition when the overhead doors are opened. The steel building frame had been modified during submittals to allow for an expansion joint, forcing the unit heaters to be installed in a location that has minimal clearance to the overhead doors when open.

Staff requested the Board of Commissioners review Pay Application No. 13 and Change Order No. 8 and if in agreement by motion, direct staff to process a payment for Pay Application No. 13 and authorize Change Order No. 8. The total payment to Petra, Inc., minus retainage requested, including Pay Application No. 13, is \$258,220.67.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Application No. 13 and Change Order No. 8 and directed staff to prepare a payment to Petra, Inc., minus retainage requested, in the amount of \$258,220.67.

b.) Staff Report – Reservoir No. 3 Improvement Project Update

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report and Gray & Osborne's Letter of Recommendation and Progress Pay Estimate No. 9, regarding the Reservoir No. 3 Improvements Project update.

Foss Painting completed the stripping and re-coating of all of the exterior stair railing and catwalk components. RAZZ Construction working with Foss Painting has completed the coating of the interior gutter surface. Coatings Unlimited is the interior paint system application firm and they have mobilized their sand blasting equipment, ventilation and dehumidifying equipment onto the project site and intend to begin surface preparation this week.

The booster station interior painting of the block walls is complete and the electrical cabinet installation and pulling of wires through conduits continues. Wall framing for insulation and the noise abatement panel installation is in progress.

Progress Pay Estimate No. 9 was prepared by Gray & Osborne (G&O) along with their Letter of Recommendation to pay RAZZ Construction for the work performed through September 1, 2018, as identified on Pay Estimate No. 9, including sales tax, in the amount of \$320,884.17. The total payment made through Pay Estimate No. 9 represents completion of 56% of the contracted work. RAZZ Construction has provided a Retainage Guarantee Bond.

Mr. Gilmore requested the Board of Commissioners review Pay Estimate No. 9 and if in concurrence by motion, direct staff to process a payment to RAZZ Construction for work performed as identified, including Washington State Sales Tax, in the amount of \$320,884.17.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Pay Estimate No. 9 and directed staff to process a payment to RAZZ Construction for work performed as identified, including Washington State Sales Tax, in the amount of \$320,884.17.

c.) Staff Report – Front Office Security Improvements

Mr. Brees provided a report to the Board of Commissioners regarding Front Office Security Improvements update.

The Contractor has developed a schedule, submitted on materials, and ordered the long lead items required for project construction, primarily doors, bullet proof glass, and bullet proof panels. Based on the scheduled delivery of these items, the Contractor has requested an extension of the contract term by 57 days. This extension request has been anticipated and the Contractor has phased their work not to begin demolition until construction materials are onsite. As this a small works contract and the change order will not affect the contract sum, the General Manager has executed Change Order No. 1 on behalf of the District. The date of Substantial Completion for the Front Office Security Improvements Project is now November 29, 2018.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners ratified and confirmed Change Order No. 1, changing the date of Substantial Completion to November 29, 2018.

6.) MAINTENANCE & OPERATIONS

a.) 2018 Leak Detection Survey Report

As part of the Water Use Efficiency Rules compliance, the District annually conducts a Leak Survey of a representative portion of our system. Our goal again for the 2018 study was to inspect 30 miles of water pipeline and services, similar to the 2017 Program. The 2018 Survey Area included the 100th Street corridor downstream of Master Meter No. 1 that is in the City of Everett's Service Area and are District add accounts. The other areas included Cathcart Way including Glacier Peak High School, Creekside, the Highlands areas, (1, 2, and East), Willow Creek, and additional areas.

Thomas Olson with Utility Services Associates, LLC, conducted the Field Leak Survey. The start date for this survey was August 13, 2018 and leak detection concluded August 17, 2018. A total of five days were used to cover the 30 miles of pipeline. District crew member Lance Rhodes worked with Mr. Olson during the inspection period. One night time/early morning operation took place to inspect busy roadways on sections of 132nd Street and Cathcart Way, with crew members performing traffic control.

A total of one leak was found. One blue poly line was leaking and was repaired. This line has been identified to be replaced by District crews. No mainline water leaks were detected.

7.) INTER-AGENCY REPORT(S):

a.) Staff Report – Agreement for Interim Water Service with Alderwood Water & Wastewater District

Mr. Brees provided a Staff report to the Board of Commissioners regarding an Agreement for Interim Water Service with Alderwood Water & Wastewater District.

The District has been working with a property owner to provide water and sewer service to the owner's parcel located within the District. In April of this year, the District entered into a Developer Extension Agreement to extend sewer service to the property (Sewer Extension for Salameh Single Family Residence), the property owners are Joe and Rose Salameh.

The subject property is located on the East side of 35th Avenue at approximately 168th Street SE. Currently, the property is undeveloped, and while it is a large parcel, the owners are seeking to construct only one single family residence. The site is encumbered with critical areas and access is limited to 35th Avenue which is currently being reconstructed by Snohomish County. Snohomish County's construction project creates a deadline for the Salamehs because there will be a prohibition for road cuts upon completion of the final paving and all work to provide utility service within the right-of-way must be completed prior to the final paving.

Mr. Salameh has unsuccessfully attempted to obtain easements from neighboring properties for the extension of a water main. The County Right-of-Way and critical areas in the vicinity have further limited options to extend a water main to serve the property at this time. However, Alderwood Water & Wastewater District (AWWD) currently has a water main in service within the right-of-way fronting the Salameh property. The current interlocal agreement with AWWD provides a methodology for providing service to District customers from AWWD mains, and two water services are currently provided to Snohomish County's Tambark Creek Park. However, the current agreement language was limited to the County Park. In discussions with AWWD to update the interlocal agreement, it has been found that there are several instances of where services are provided across the District boundaries when there is barrier to normal utility service, such as topography, critical areas, right-of-way, etc. The revised interlocal agreement will seek to clarify this arrangement on a consistent basis.

In coordination with AWWD, District staff have developed an Agreement for Interim Water Service with AWWD to provide water service to the Salameh property and an agreement with the Salamehs confirming the conditions of service. This agreement will be recorded and in addition to paying all applicable fees, the Salamehs will be required to grant an easement to the District for a future water main, and agree to move their service to a District main when one is available.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners ratified and confirmed the Agreement for Interim Water Service with AWWD to provide water service to the Salameh property.

8.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

No further report.

c.) Attorney:

Mr. Milne provided a report to the Board of Commissioners on King County's suit against King County water-sewer districts to require the payment of rent to use County right-of-way. Mr. Milne advised that the court had entered a written order determining King County did not have legal authority to charge utilities like the districts rent to use County right-of-way. It is not yet known whether King County will appeal the order.

Mr. Milne also reported on a lawsuit involving the City of Federal Way and certain water-sewer districts regarding city excise tax on the districts. A summary judgement hearing has been scheduled for October 19, 2018.

d.) General Manager:

Mr. Brees provided a report on a study that Snohomish County is beginning that will consider modifying the Urban Growth Area in the District and neighboring areas. Mr. Brees has requested a meeting with Snohomish County staff to learn more about the study.

Mr. Brees also reported that he had met with Mr. Casey Parks regarding his vacation request and upcoming retirement. Mr. Brees has approved the vacation request and Mr. Parks' last scheduled day in the office will be Friday, September 21, 2018.

This ends the Minutes of the September 13, 2018 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

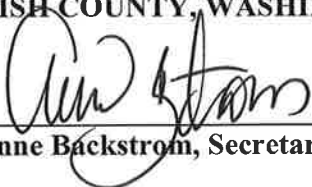
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 September 13, 2018 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 September 27, 2018, 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 27th day of September, 2018.

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



Anne Backstrom, Secretary