

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

January 11, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on January 11, 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, & 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 December 28, 2017 were unanimously approved as circulated.

3.) ELECTION OF OFFICERS:

Following discussion, by motion made, seconded, and carried unanimously, the Commissioners elected Bill Anderson as President, Rod Keppler as Vice President, and Anne Backstrom as Secretary for 2018. Commissioner Anderson then presided over the remainder of the meeting.

4.) PUBLIC COMMENT:

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

5.) 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	.01-001-.01-044	\$322,074.34
Sewer Maintenance	743 5418666	.01-001-.01-010	525,809.93
Sewer Capital Improve.	743 5448666	.01-001-.01-003	124,623.76
Water Capital Improve.	743 5468666	.01-001-.01-006	413,661.10
Revolving Check Fund		5776 - 5795	2,439.87
Total Warrants			\$1,388,609.00

b.) Staff Report – 2017 Audit Engagement Letter

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report regarding the 2017 Audit Letter of Engagement, for their review.

Annually, the District engages the services of an independent auditor to prepare Financial Statements for the prior year. The Financial Statements must then be filed with the State Auditor within 150 days of the end of the fiscal year, which is May 30th, 2018. In addition to meeting the State's requirements, the independent auditor will conduct additional analysis evaluating the District's financial health and performance compared to the prior year. While the independent auditor's reviews are conducted annually, the current schedule for the State Auditor is a biannual audit where they review the prior two years of work of the independent auditor and then conduct an Accountability Audit that is intended to assess how well the District manages, uses, and safeguards public resources.

Clifton Larson Allen submitted a proposal to the District which included an Audit Engagement Letter for the Boards review. The proposed cost, in terms of cost to complete the Audit, is 5% higher than their previous 2017 proposal, due to an increase in the budgeted number of hours.

Staff requested the Board authorize the General Manager to execute a Professional Services Agreement with Clifton Larson Allen. The agreement will be based on hourly rates for Professional Services and reimbursement of expenses, with a not-to-exceed amount of \$22,130.00 over the term of the agreement. The deliverables include: Financial Statements for 2017, statements of revenues, expenses and changes in position, supplemental information as required by GASB Standards, and preparation of trial balance, depreciation schedules, and adjusting journal entries.

Following discussion, by motion passed unanimously, the Board of Commissioners authorized the General Manager to execute a Professional Services Agreement with Clifton Larson Allen with the agreement being based on hourly rates for Professional Services and reimbursement of expenses, with a not-to-exceed amount of \$22,130.00 over the term of the agreement.

6.) 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 Change Order No. 2 and Payment Application No. 5, regarding the District's Headquarter Upgrade Project, for their review.

The contractor's current focus continues to be completing the storm water detention vault and the stem walls for footings for the New Building "A" and the addition to Building "B". Rough in work for electrical and mechanical improvements are ongoing within Building "B".

Change Order No. 2 was submitted for the Board of Commissioner's review and approval. This change order addresses the majority of outstanding items with the Contractor, both in number and in cost. Change Order No. 2 includes: revisions to the installed storm water system to match actual conditions, import of backfill material where use of native material was not suitable, installation of a footing drain line around the addition to Building "B" that was not called out in the plans, modification of handrail/guard rail on the mezzanine of Building "A", additional labor due to the conflict with the water line in 41st Avenue SE,

and improvements to 41st Avenue SE required by the County, but not clearly identified in the original contract documents.

Staff requested the Board review Pay Application No. 5 and Contract Change Order No. 2 and if in concurrence, by motion, direct staff to process payment for Pay Application No. 5, and approve the changes to the contract and total contract amount as identified in Change Order No. 2, with the total payment to Petra, Inc., minus retainage requested in Pay Application No. 5, is \$228,204.37. The total change to the contract amount included in Change Order No. 2 is \$41,487.62.

Following discussion, by motion passed unanimously, the Board of Commissioners approved Pay Application No. 5 and Contract Change Order No. 2, and directed staff to process a payment for Pay Application No. 5. The Board also approved the changes to the contract and total contract amount as identified in Change Order No. 2, with a total payment amount to Petra, Inc., minus retainage requested in Pay Estimate No. 5, is \$228,204.37. The total change to the contract amount in Change Order No. 2 is \$41,487.62.

b.) Staff Report – 725 Zone Extension Project

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, Pay Estimate No. 3, and Gray & Osborne’s Letter of Recommendation regarding the 725 Zone Extension Project, for their review. Paving edge sealing, road stripping, and crosswalk work is now completed.

A change order request for additional work associated with the tapping of the 12-inch main, provision of gravel subbase in the trench section beneath the asphalt trench patch, and the installation of an Air/vac assembly not identified in the bid items, is being discussed with Laser Underground, and will be brought to the Board when staff review is completed.

Staff requested the Board review Pay Estimate No. 3 and the G&O Letter of Recommendation prepared by Gray & Osborne, and if in concurrence, by motion, direct staff to process a payment to Laser Underground and Earthworks, Inc. for work performed through December 23, 2017 as identified, less retainage, in the amount of \$132,167.30, including sales tax.

Following discussion, by motion passed unanimously, the Board of Commissioners reviewed and approved Pay Estimate No. 3, and by motion, directed staff to process the payment to Laser Underground and Earthworks, Inc., for work performed as identified, less retainage, in the amount of \$132,167.30.

c.) Staff Report – Reservoir No. 3

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, Gray & Osborne’s Pay Estimate No. 1 and Letter of Recommendation regarding the Reservoir No. 3 Improvements project, for their review.

The construction work has begun and the existing Booster Station has been reduced to ground level. The generator and fuel tank have been decommissioned and other site work is proceeding. The Contractor is installing storm system improvements and demolition of

the Altitude Control Valve Vault. The Reservoir has been drained and cleaned by District crews and turned over to the Contractor. Shop drawings are being reviewed. Preparation for construction of the foundation of the expanded booster station has begun.

Staff recommended the Board review Progress Pay Estimate No. 1 and the Letter of Recommendation from Gray & Osborne to pay RAZZ Construction for the work performed through December 30, 2017, as identified on Pay Estimate No. 1, including sales tax, in the amount of \$124,692.70. RAZZ Construction has provided a retainage guarantee bond.

Following discussion, by motion passed unanimously, the Board reviewed and approved Pay Estimate No. 1 and directed staff to process a payment to RAZZ Construction for work performed as identified, in the amount of \$124,692.70, including sales tax.

d.) Staff Report – Fourth Quarter Bills of Sale

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report listing the accepted Fourth Quarter Bills of Sale for Developer Extension, representing \$342,939.00 of utility infrastructure added to the District by Developer contribution for their review. Following discussion, the Board of Commissioners acknowledged acceptance of the Bills of Sale for:

4th Quarter	Water	Sewer
Vintage at Mill Creek	\$234,730.00	\$108,209.00
TOTALS	\$234,730.00	\$108,209.00

The total Bills of Sale for 2017, documenting Developer contributed value for water and sewer facilities, is \$2,212,244.57.

7.) MAINTENANCE AND OPERATION REPORT(S):

a.) Review 2018 Conference Schedule

Mr. Brees provided a verbal summary to the Board of Commissioners regarding the 2018 Conference Schedule, for their review.

Following discussion, it was noted that Commissioner Backstrom will attend the 2018 Commissioners Workshop in Tukwila which has already been scheduled. The Commissioners will coordinate with staff regarding the conferences that they would like to attend. These Commissioner conferences together with a list recommended conferences for staff will be reviewed and approved at an upcoming meeting.

8.) INTER-AGENCY REPORTS:

a.) Snohomish County Hearing Examiner, Bakerview

Mr. Brees provided a verbal report to the Board of Commissioners regarding a document received from Snohomish County Hearing Examiner on their decision to accept a petition from the King's Ridge Home Owners Association for reconsideration in regards to the proposed Bakerview subdivision.

9.) **STAFF REPORTS**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

Mr. Nelson, provided an update to the Board of Commissioners of the ongoing 2015-2016 Accountability Audit and review of the District's Financial Statements by the State Auditor. Mr. Nelson reviewed some areas that may be identified as a recommendation or in a management letter based on his discussions with the Audit team. Mr. Nelson also shared tentative scheduling for an Exit Conference where it was determined that Commissioner Backstrom would attend, schedule permitting.

c.) **Attorney:**

Mr. Milne provided a brief report to the Board of Commissioners regarding King County's Franchise Ordinance that is believed to be an illegal tax. Many water and sewer districts are working together to oppose the implementation of the ordinance, and are likely to file a lawsuit in the near future. If the ordinance stands, it would become an issue of statewide significance.

d.) **General Manager:**

Mr. Brees noted that the District offices will be closed on Monday, January 15, 2018, in observance of Martin Luther King Jr. Day. He also informed the Board that he has a jury summons for next week and depending on jury selection, may be out of the office. Mr. Brees also reported that Commissioner Backstrom has provided notice to the General Manager that she is unable to attend the regular Board meeting of May 10, 2018.

Mr. Brees provided two additional updates, first that the District's opening for a Utility Maintenance Worker I has been posted, and second that a District vehicle was in an accident this week and sustained significant damage. There were no injuries and the other party was at fault in the accident. A police report was taken and the incident will be reported to WCIA for claim administration.

This ends the Minutes of the January 11, 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

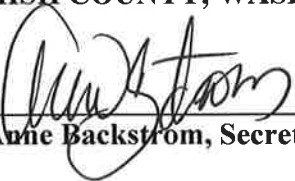
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 January 11, 2018 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 January 25, 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 25th day of January 2018.

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



Anne Backstrom, Secretary