

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

March 22, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on March 22, 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 March 8, 2018 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.) 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	.03-034-.03-080	\$87,233.76
Sewer Maintenance	743 5418666	.03-008-.03-018	1,190,646.41
Sewer Capital Improve.	743 5448666	.03-005-.03-010	34,293.31
Water Capital Improve.	743 5468666	.03-006-.03-013	105,662.50
Revolving Check Fund		5866 - 5895	44,481.43
Total Warrants			\$1,462,317.41

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 and the Contractor’s Short Term Schedule, regarding the District’s Headquarter Upgrade Project.

Work has begun on assembling Building “A” on the completed slab; this work is moving quickly. Work on Building “B” is also proceeding. Currently, crews are preparing the stem walls and preparing to pour the slab for the addition. Delivery and the start of assembly of Building “B” is scheduled for early April.

Site work continues to be a challenge. This work is behind schedule and the District has received recent change order proposals for additional cost related to work that was completed several months ago. These recent requests are the first notification to the District from the site work subcontractor regarding these claims, or they are a claim for additional costs for issues that had been previously agreed upon and addressed by prior changes to the contract. No action is required at this time.

b.) Staff Report – 41st Avenue Water Main Relocation

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, Gray & Osborne's Recommendation for Pay Estimate No. 1 and Draft Completion of Public Works Project Form, regarding the 41st Avenue Water Main Relocation project.

The work has been installed and the District received purity verification, after which the contractor connected the improvements to the District's system. District crews have now flushed the line segment from 156th Street to the Headquarters entrance, and the 12-inch mainline has been restored to fully connected status.

The 41st Avenue Water Main Relocation Project is complete, except for project closeout documentation and initiation of the process to receive State release on retainage, prior to final payment of the retainage to Earthwork Enterprises. Gray & Osborne recommended approval of the Final Progress Payment and acceptance of the Project construction as complete. The final payment to Earthworks Enterprises totals \$45,296.56, not including retainage. This value is higher than their original bid submittal by about 15% as some unit price item actual quantities utilized were greater than estimated for the bid document preparation.

Staff requested the Board review Pay Estimate No. 1 and, if in concurrence, by motion direct staff to process a payment to Earthworks Enterprises, Inc. for work performed as identified, less retainage in the amount of \$45,296.56.

The Board of Commissioners, by motion passed unanimously, accepted the construction of the 41st Avenue Water Main Relocation Project as complete, and directed staff to process a payment to Earthworks Enterprises, Inc. in the amount of \$45,296.56 (less retainage) and to begin the State project closeout procedures to initiate the State approval process for the release of retainage.

c.) Staff Report – Reservoir No. 3 Improvements Project Update

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report, regarding the Reservoir No. 3 Improvements Project update.

The contractor has continued provision of submittals for approval and has completed site work where possible. The contractor has installed the booster station footing and is preparing the station stem wall form work. When the stem walls are poured and the forms stripped, the floor slab and masonry block wall construction will begin.

The Reservoir gutters have been installed and the downspouts have been connected to the gutters and the site storm water collection system. The catwalk supports and stair system

are still in offsite fabrication. When these elements are installed, the tank coating system preparation and applications can begin.

d.) Public Hearing - 2018 Wastewater Comprehensive Plan Presentation

Mr. Brees provided a presentation to the Board of Commissioners regarding the 2018 Wastewater Comprehensive Plan.

Commissioner Anderson opened the Public Hearing to receive public comments on the proposed updates to the District's Wastewater Comprehensive Plan. Mr. Brees reported that the Commissioners set a Hearing date of March 22, 2018, and Notice of such Hearing was published in the Everett Herald on March 17, 2018. Mr. Brees and Mr. Delfel presented a summary of the draft 2018 Wastewater Comprehensive Plan for the Board to review.

As there was no public comment, Commissioner Anderson closed the Hearing. District staff advised the Wastewater Comprehensive Plan is scheduled for adoption at the April 12, 2018 Board of Commissioners Meeting.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Staff Report – Purchase Authorization – New Vactor Truck

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding Purchase Authorization for a New Vactor Truck.

The District currently operates two Vactor Trucks (name brand reference) used for sewer cleaning and hydro excavation. The two current trucks were both purchased in 2007 and are approaching the end of useful life, with the trucks requiring more frequent and expensive repairs. Critical components such as the primary pump, debris bodies, or rodding hose reels, now require or will soon require replacement in order to remain in service.

In October of 2017, as part of the financial planning process, staff recommended and the Board of Commissioners approved replacing one of the two Vactor trucks in 2018, with the second scheduled for replacement in 2020. An estimate of \$575,000 was included in the Equipment Replacement Schedule and Financial forecast. As the purchase of one of these trucks is a significant commitment of resources, staff conducted an extensive review of the available brands, models, and features. In this review, staff conducted trials of three brands of trucks, represented by dealers in the Seattle area.

District staff recommended purchasing a Vactor (Brand) 2110 (Model) Truck, built on a Kenworth T880 five axle truck (Chassis). This purchase will be made using terms and pricing from the Washington State Contract No. 01912. The Vendor is Owen Equipment of Kent, Washington. The District will receive a credit, yet to be confirmed, for the existing Vactor truck in accordance with the applicable State surplus property statute.

The Board of Commissioners, by motion passed unanimously, authorized the purchase of a Vactor 2110 Truck from Owen Equipment, at a cost of \$559,619.03 (including tax) according to pricing and terms established by State Contract No. 01912.

7.) INTERAGENCY REPORT(S)

a.) Staff Report – Transfer of Master Meter No. 3 to the City of Everett

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and Bill of Sale and support documents regarding the Transfer of Master Meter No. 3 to the City of Everett.

Currently the District's water system serving the Silver Acres area (West of Murphy's Corner) is isolated from the rest of the distribution grid. This area is currently served by direct connection to the City of Everett water mains. This allows the City of Everett to transmit water through District mainline to achieve fire flow capacity at the Fred Meyer shopping complex. The District is allowing this connection configuration until Everett resolves their system deficiencies and enhances their supply capability to provide adequate fire flow capacity.

Master Meter No. 3 was taken off-line when Everett initiated supply to the Silver Acres area. Subsequent transmission mains were installed by the District in 118th and Peter Place Road improving the District's grid strength such that future flow to Silver Acres will be provided from existing District mains to this area without the need for Master Meter No. 3.

The mainline facilities connecting Master Meter No. 3 to the District's Silver Acres Water Main grid were constructed prior to the construction of I-5 and cross under I-5 in steel casings. This older pipe has a higher risk of failure and is no longer necessary to meet water demand to the Silver Acres area, should the District isolate this area from the City of Everett supply grid. The main does provide some benefit to the City of Everett and is fully within the City of Everett city limits. The pipe and meter facilities were not assumed by Everett when they annexed to their current city limits as the pipe at that time only served to District water mains.

Staff requested the Board to clarify ownership of the main under I-5 and the Master Meter No. 3 facilities by transferring ownership of the facilities to Everett as described on the Bill of Sale staff provided to the Board. The City of Everett understands that the Bill of Sale would provide for their full ownership of these facilities "where is and as is" and that the maintenance and operation of the facilities would become solely the City of Everett's responsibility. Staff further advised that various agreements and state law, including Chapter 39.33 RCW, authorized the District to convey the facilities to the City.

The Bill of Sale and graphic layout describe the Peter's Place main and Master Meter No. 3 facilities identified for transfer.

Staff requested the Board, if in concurrence, execute the Bill of Sale, transferring the identified Peter's Place pipeline and Master Meter No. 3 facilities to the City of Everett.

Following discussion, by motion passed unanimously, the Board approved the transfer in ownership of the facilities to the City of Everett and authorized the Board President to execute the Bill of Sale to transfer the identified Peter's Place pipeline and Master Meter No. 3 facilities to the City.

b.) AWWD Lift Station No. 11 Update

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report and March 18, 2018 Notice regarding Alderwood Water & Wastewater District's (AWWD) Transfer of Flows from Lift Station No. 11.

There are several active Interlocal Agreements between the Silver Lake Water and Sewer District and AWWD, including the 2006 Agreement for Sewage Disposal and Interim Water Supply.

One future provision of the 2006 Agreement is the transfer of flows from AWWD's Lift Station No. 11. Lift Station No. 11 is located within McCollum Park and serves portions of AWWD east of I-5. The current configuration of this Station is discharge to a force main that runs north through the Silver Acres neighborhood and discharges to the Everett System. However, when the station was reconstructed, an additional force main was installed that runs south and discharges to the District's system within the Heatherwood Apartments and then ultimately ends up back in the AWWD system south of the Mill Creek Town Center. Historically, AWWD contributed to the costs and sizing of the District's gravity main anticipating these future flows, and has made provisions with King County to accept these flows in their Bear Creek Interceptor.

According to the terms of the 2006 Agreement for Sewage Disposal and Interim Water Supply and its amendments, a payment will be due to the District equal to 32% of the District's GFC per ERU that existed prior to June of 2013, and 100% of the GFC for additional ERU's connected after June of 2013. Additionally, in a similar fashion to the payments made by the District to AWWD for ongoing service, AWWD will make a monthly payment to the District for wheeling through the District's system.

The District has received notice from AWWD that they intent to transfer flows as soon as April of this year. On March 9, 2018, the General Manager and Finance Manager met with Jeff Clark, General Manager of the AWWD, and Greg Cato, Finance Analyst, to confirm the calculation of the payment and discuss future tracking and reporting. Additionally, operational contacts were made regarding planned date of transfer so that District staff can be present to observe.

c.) Snohomish County – Bakerview Appeal Hearing

Mr. Brees presented a verbal summary to the Board of Commissioners of a Snohomish County Council Notice of Continued Appeal Hearing regarding the Bakerview development. The Hearing is continued to Wednesday, May 2, 2018, at 1:30 p.m.

8.) STAFF REPORTS

a.) District Engineer:

Mr. Gilmore reported that the District's 2017 Water Use Efficiency report has been completed and filed with the Department of Health. A very low leak rate is shown by the report, reflecting strong maintenance practices (low leakage rate) and accuracy in tracking water use.

b.) Finance Manager:

Mr. Nelson requested authorization from the Board of Commissioners to prepare a Treasurer's check to enroll two employees in an upcoming training related to TV inspection of sewers.

The Board of Commissioners, by motion passed unanimously, authorized the issuance of the Treasurer's check to enroll two District employees in the training.

Mr. Nelson reported to the Board of Commissioners on three additional items: First, Mr. Nelson reported that the City of Everett has provided notice to the District regarding the rate for sewer service in 2018. While the rate is lower than forecasted, the rate calculation relies on factors that are dependent on Everett's internal accounting practices which are not apparent to the District. A follow-up meeting with City staff to review these factors has been requested and is being currently scheduled.

Second, Mr. Nelson provided an update regarding preparation of the District's 2017 Financial Statement. The audit work conducted by Clifton, Larson, Allen at the District's office was completed today. A report to the Board is planned for May 24, 2018, with submission of the Financial Statements to the State by the end of May.

Finally, Mr. Nelson reported on the status of the State Auditor's Office (SAO) Accountability Audit and review of Financial Statements for 2016. This work has been on hold dependent on determination of status for the Clearview Group, with respect to how its assets and operations are reflected in the member agencies reports. It appears that the SAO may be reversing prior interpretations regarding the nature and purpose of the Clearview Group.

c.) Attorney:

Mr. Milne provided a brief report on the status of the lawsuit between King County and the various water and sewer districts in King County regarding a County rental charge/tax on districts to use County rights-of-way.

d.) General Manager:

Mr. Brees provided reports on four topics: First, Mr. Brees provided an update on the front office security upgrade project. Plans will soon be submitted for permits, with work scheduled for this summer.

Second, Mr. Brees reported that a job offer had been extended for the On-call/Part-time Utility Clerk Position. This position will normally work part-time hours, but in the event of a scheduled absence by one of the full-time Utility Clerks, the position will work additional hours.

Third, Mr. Brees reported that staff is currently preparing an RFP for CCTV for portions of the District's Sewer System. This work is called out in the Wastewater Comprehensive Plan and staff training is planned regarding the inspection methodology.

Finally, Mr. Brees reported that the City of Everett is changing the format of the Consumer Confidence Report. In the past, the District along with other agencies has partnered with the City and used the same report template, sharing design, printing, and mailing costs. The City is shifting to an online posting format to minimize printing and mailing costs. It was requested the District choose to follow this same approach or continue with the past approach with additional design, printing, and mailing expenses.

Following discussing, by motion passed unanimously, the Board of Commissioners approved and directed staff to work with the City of Everett to shift to an online format for the preparation of the 2017 Consumer Confidence Report. Consumers will still receive a post card mailer with a website link to the online report.

This ends the Minutes of the March 22, 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

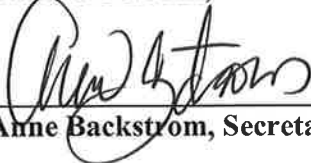
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 March 22, 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 April 12, 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 12th day of April, 2018.

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



Anne Backstrom, Secretary