

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

April 26, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on April 26, 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, Finance Manager Brad Nelson and Operations & Maintenance Manager Ron Berger; 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 April 12, 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	.04-064-.04-094	\$149,398.22
Sewer Maintenance	743 5418666	.04-014-.04-025	660,118.24
Sewer Capital Improve.	743 5448666	.04-006-.04-008	20,401.73
Water Capital Improve.	743 5468666	.04-005-.04-008	45,385.69
Revolving Check Fund		5908 - 5928	41,767.90
Total Warrants			\$917,071.78

b.) Staff Report – First Quarter Financial Reports – March 31, 2018 (Pre-closing)

Mr. Nelson provided a verbal summary to the Board of Commissioners regarding the First Quarter Financial Reports – March 31, 2018 (Pre-closing). The District's First Quarter Pre-closing Revenues from all source are \$5,430,287. This is a decrease in the amount of \$456,373 compared to the First Quarter of 2017. Bills of Sale and New Connection Fees are lower in this quarter by \$804,134 compared to 2017. However, the District received \$65,591 more in Water Service Revenues through March 31, 2018, with customer consumption up from previous years. The total expenses posted through March 31, 2018 were \$3,878,122. The largest operating costs continue to be purchased water and sewer treatment services which totaled \$1,451,621.

Currently, the District's Net Income through March 31, 2018 is \$1,552,164. The District's Cash & Investments totaled \$46,256,184, which is a decrease of \$971,073 from December 31, 2017. The reason for this decrease is progress payments for the two large Capital projects currently being constructed (Headquarter Site Upgrade and Reservoir No. 3).

c.) Staff Report – Sector 7 LS Special Connection Charge & Draft Resolution No. 758 (Public Hearing).

Mr. Brees informed the Board of Commissioners regarding the need to conduct a Public Hearing prior to the adoption of the Resolution establishing a Special Connection Charge for the Sector 7 Lift Station. Mr. Brees detailed the steps that the District had taken to provide public notice in advance of the meeting including publication of notice in the Everett Herald.

Mr. Nelson provided a verbal summary to the Board of Commissioners regarding the Sector 7 Lift Station Special Connection Charge.

On November 21, 2017, the Board of Commissioners received a staff report regarding the development of a Special Sewer Connection Charge associated with the Sector 7 Lift Station. The Sector 7 Lift Station was designed and constructed to provide sewer transmission for existing Snohomish County sewer connections and future sewer connections. On April 12, 2018, the Board of Commissioners directed staff to draft a resolution to establish a Special Sewer Connection Fee to recoup the District's investment in the Sector 7 Lift Station and to set a Public Hearing date on April 26, 2018.

In addition to the District's direct costs, the District can allocate up to ten years of interest. Staff recommended an interest rate of 2.77%, which represents the interest rate applicable to the District in December of 2010 based upon the offering of an AA rated 10 year revenue bond issued by the City of Auburn, Washington, in November of 2010.

The total interest rate costs allocated to the Special Sewer Connection Charge is \$524,354.38. The amount of interest cost would depend on when the connection was made to the system and change each January 1st until the ten years from the date of construction is reached. Staff recommended the Board of Commissioners adopt Resolution No. 758, to establish a Sewer Special Connection Charges for the Sector 7 Lift Station project.

Commissioner Anderson opened the Public Hearing for testimony. No interested parties were in attendance. Following discussion, by motion passed unanimously, the Public Hearing was closed. The Board of Commissioners adopted and executed Resolution No. 758, establishing Sewer Special Connection Charges for the Sector 7 Lift Station project.

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 Frontier Letter of Intent, regarding the District's Headquarter Upgrade Project.

Work continues on both the New Building and the Addition to the existing building. Subcontractors actively working onsite include those engaged in assembly of the pre-

fabricated buildings, masonry installation, fire sprinkler installation, electrical installation, and site work.

Supervision and completion of the site work remains as the project's greatest challenge. This Subcontractor requires the most oversight by both the District's Project Management team and the General Contractor. It has been difficult to come to an agreement regarding the tasks they are responsible for, quality of their work, and costs and scheduling of their work.

A new coordination issue that requires action by the Board of Commissioners is the approval for an advance payment for work by Frontier, to relocate an existing telecom pedestal in the right-of-way (ROW) of 41st Avenue SE. The Conditional Use Permit issued by Snohomish County for the site and project improvements required dedication of the western 15 feet of the triangle property for ROW and construction of improvements to current County standards including, storm drainage, additional paved roadway surface, installation of curb, and gutter and sidewalk. As a result, an existing power pole and telecom pedestal must be relocated. The PUD has provided a reasonable estimate with respect to cost, but has been difficult to determine the scheduling of their work, dependent on completion of tasks by the site work subcontractor. Frontier has been very timely with their response; however, the cost estimate is much higher than expected, \$12,197.60. Frontier requires an advance payment to complete the work. In the event the actual cost is lower, a refund will be issued to the District. In the event the cost is higher, the District will be invoiced for the additional amount. District staff requested supporting documentation related to the cost; however, Frontier was not forthcoming, claiming that their labor rates, and therefore the amount of labor required to complete the work, are proprietary.

Staff requested the Board of Commissioners authorize Frontier to relocate a telecom pedestal located within the ROW of 41st Avenue SE, so that the District may complete the required frontage improvements, and to authorize advance payment in the amount of \$12,197.60, as required by Frontier.

Following discussion, the Board of Commissioners authorized Frontier to relocate the telecom pedestal located in the ROW of 41st Avenue SE and also authorized the advanced payment in the amount of \$12,197.60 as required by Frontier.

b.) Staff Report – Reservoir No. 3 Improvement 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 is continuing the electrical conduit installation beneath the proposed floor slab in the new Booster Station, in anticipation of pouring the concrete slab. The offsite fabrication of the catwalk and stairs is continuing. The catwalk brackets have been delivered to the site but the Contractor is scheduling the erection to begin when the stairs and catwalk platform elements have been fabricated and delivered. Initiation of the removal of the existing coating will follow the completion of the major welding work of the stairs and catwalk installation.

c.) Staff Report – Scope of Work for Waldenwood Lift Station Pre-design

Mr. Gilmore presented a verbal summary to the Board of Commissioners regarding a Staff report and Gray & Osborne Scope of Work and Fee Proposal, regarding the Waldenwood and Windsong Lift Stations Pre-design report.

The Waldenwood Lift Station was constructed in 1999 and the Windsong Lift Station was constructed in approximately 1988. The Windsong Lift Station Service Basin can possibly flow by gravity to the Waldenwood Lift Station facilities. Both of these stations were listed on the District's Sewer Comprehensive Plan for evaluation and included on the Capital Improvement Plan. Waldenwood has experienced frequent maintenance issues due to worn bearings, motor and impeller vibrations, and the Variable Frequency Drives are nearing the end of their useful life. Windsong, although not as troublesome, is nearly thirty years old and will require upgrading if it is to continue in service to the District. The discussions from development of the District's Sewer Comprehensive Plan identified these two sites as high priority sites for action, and an initial evaluation study was recommended to fully evaluate the possible elimination of the Windsong Lift Station by construction of a gravity sewer line to convey the station flows to the Waldenwood Lift Station Basin. The Waldenwood Lift Station facilities were recommended for evaluation to determine if the station should be upgraded or replaced by constructing a new station on the existing site, while the current station remains in service.

The evaluation services will identify the station improvements that will be required, prior to developing design plans and specifications to construct improvements. The work will be performed for an amount not-to-exceed \$41,400.00, without prior District written authorization.

Staff requested the Board of Commissioners review the Gray & Osborne Scope of Work, for the pre-design services identified, to evaluate improvements for the Windsong and Waldenwood Lift Station facilities. If in agreement, Staff recommended that the Board of Commissioners by motion, accept the proposal to perform these services for a fee amount not-to-exceed \$41,400.00, without prior District written authorization.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and accepted the Gray & Osborne proposal to perform these services for a fee amount not-to-exceed \$41,400.00, without prior District written authorization.

d.) Developer Extension Agreement – 35th Avenue SE - 180th Street SE to 152nd Street SE

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report and Vicinity Map regarding a Developer Extension Agreement for 35th Avenue SE – 180th Street to 152nd Street SE.

The 35th Avenue – 180th Street SE to 152nd Street SE Extension is located in 169th Street SE from 36th Place to 35th Avenue SE. This project is approximately two hundred feet of 8-inch diameter water main extension that will provide for service to an existing single family residence. The benefitting property is currently served by a well that will be removed during Snohomish County's widening of 35th Avenue SE from 180th Street SE to

153rd Street SE. The County is obligated to provide service to replace the well connection and has secured a District Water Easement on private property adjacent to 35th Avenue SE from 169th Street SE to the north property line of the benefitting property. This easement will allow for water main extension without going into 35th Avenue, should the benefitting property choose to develop at some point. Until development occurs, this property will have a private service line installed in the District's easement. This service will be relocated if and when the development occurs. The Developer is Snohomish County.

Staff requested the Board accept the Developer Extension Agreement Application for the 35th Avenue – 180th Street SE to 152nd Street SE Extension.

Following discussion, by motion passed unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement for 35th Avenue – 180th Street SE to 152nd Street SE.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Staff Report – Existing Phone System Repairs

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding maintenance completed to the District's existing phone system. In response to concerns the Board voiced at the last meeting regarding the District's current phone system, staff have looked into and corrected most of the issues this phone system was having. The current phone systems functionality has been restored.

b.) Staff Report – Purchase Authorization, Lift Station No. 3, 125 HP Motors & Impellers

Mr. Brees presented a verbal summary to the Board of Commissioners of a Staff report and Smith & Loveless, Inc. Quotes regarding Purchase Authorization for 125 HP Motors and Impellers for Lift Station No. 3.

Lift Station No. 3 is a critical facility, conveying sewage flows from the eastern portions of the District, receiving flows from six other lift stations, in addition to direct gravity flow. Lift Station No. 3 was completely rebuilt in 1999/2000 and underwent a major improvement project in 2012 that provided a new generator, additional wet well storage capability, and other site improvements. In 2017, replacements for Variable Frequency Drives (VFD's) installed in 1999/2000 were purchased. One has been installed and is operational, the remaining two are in progress. During the installation of the VFD's, it was determined that one of the motors failure is imminent.

The 2018 Wastewater Comprehensive Plan includes a project for Lift Station No. 3 improvements that includes replacement of the three motors, upgrading them from 75 HP to 125 HP. As the failure of one of the motors is anticipated in the near future, District staff recommends moving forward with the replacement motors at this time rather than waiting and having to rebuild an existing motor that is planned to be replaced. Additionally, the new VFD's can be configured to the new motors, initially saving some labor of the District crews. The total project estimate included in the 2018 Wastewater Comprehensive Plan is \$351,000. Other work planned as a part of this project is rehab of a wet well and replacement of a transfer switch. One planned element, replacement of the Suction Inlet Isolation Valve, was completed by District crews earlier this year.

A quote has been obtained from Smith & Loveless, the District Standards sole source vendor for sewage lift stations, for replacement of the three motors and impellers, with the total cost at \$68,962.23, including Washington State Sales Tax.

Staff requested the Board of Commissioners authorize the purchase of three 125 HP Motors and Impellers as specified from Smith & Loveless, Inc., for a total cost of \$68,962.23 including Washington State Sales Tax.

Following discussion, by motion passed unanimously, the Board of Commissioners authorized the purchase of three 125 HP Motors and Impellers as specified from Smith & Loveless, Inc., for a total cost of \$68,962.23, including Washington State Sales Tax.

c.) **Staff Report – Purchase Authorization – New Phone System**

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report, Tri-Tec Communications, Inc. Quote, and Mitel MiVoice Business Executive Overview. The District's existing Headquarters office phone system has been in use for over 10 years and staff recommends that we replace it with a newer system. Communications technology has improved in many ways in the last 10 years, and the District's current system is not capable of taking advantage of the newer features. Some of the benefits from a new system are:

- Greater flexibility in handling inbound calls to create a better customer experience.
- Utilizing Voice over IP (VOIP) over District internet connections instead of regular phone lines. This will dramatically decrease the District's monthly phone cost and improve the flexibility, enabling us to communicate via Frontier, Comcast, or Verizon Wireless.
- Allow District staff to have direct dial numbers.
- Enable phone transfer and voicemail syncing between office and cell phones, which will be very useful for Field staff.
- Any employee will be able to use any phone with their call history, voicemail, and contacts following them.
- Contacts and calendar will sync between phone and Microsoft Outlook.
- New system will be housed on an existing virtual server, so the system will be cost-effective and less susceptible to hardware failure.
- Since phones only need an internet connection to operate, the District can easily place phones at remote locations, such as reservoirs, that will behave like any other phone on the system.
- Better handsets with better features.

A staff committee was established to determine District's needs in a new phone system. District staff solicited proposals from three vendors offering phone systems that met District requirements, and received demonstrations of their functionality. District staff recommended purchasing a Mitel MiVoice Business Phone System from Tri-Tec Communications of Kent, Washington, for \$29,373.47 (plus sales tax). It is anticipated that the District's ongoing charges paid to Frontier Communications will be reduced by approximately \$500.00 a month, due to the fact that the new phone system will utilize existing internet connections rather than traditional phone lines to transmit.

Following discussion, by motion passed unanimously, the Board of Commissioners, authorized staff to purchase the Mitel MiVoice Business Phone System at a cost of \$29,373.47 (plus sales tax) from Tri-Tec Communications.

d.) Staff Report – Landscape Maintenance Contract

Mr. Berger provided a verbal summary to the Board of Commissioners of a Staff report and Draft Agreement regarding the District Landscape Maintenance Recommendation.

District staff recently solicited three firms to obtain proposals for a Scope of Work to maintain the District's Headquarter Site landscaping. The landscape area includes everything from behind the curb line on 41st Avenue to the security wall along the building, and the north property line to the south current landscaped area. The new south corner landscape area will be added to the Scope of Work once it is installed. District crews will perform the landscape maintenance behind the security wall and at the reservoir sites; previously this work was contracted as well.

The three firms that submitted proposals were Signature Landscape Services (current vendor), Parkview Landscaping, and Skinner Landscape Services. Some of the services included in the proposals are: annual startup and winterization of the irrigation, mowing the lawn areas, installation of 2" of high quality black bark in all of the flower beds, fertilization in the spring and fall, bed raking, and general cleanup from falling leaves caused by wind.

Following review of the proposals, staff recommended Skinner Landscape Service to perform the District's Headquarter Site maintenance. The owner is Brian Skinner and he is an ISA Certified Arborist and Master Gardener. Mr. Skinner has taught Horticultural classes at Edmonds Community College and at the University of Washington, and educates his entire staff on pruning and landscape practices.

Mr. Skinner's proposal includes a general property cleanup prior to the start of maintenance including a renovation pruning of landscape shrubs and ornamental trees, and weeding and installation of 2" of high quality black bark for all of the flower beds.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the draft agreement and authorized the General Manager to execute the agreement for Skinner Landscape Service to perform the District's Landscaping Services.

e.) Staff Report – Theft of District Property

Mr. Berger provided a verbal summary to the Board of Commissioners of a Staff report regarding theft involving Duty Truck #34.

On Wednesday, April 18, 2018, at approximately 7:40 p.m., Mr. Berger received a call from the On-call Duty Responder regarding the District's Duty Truck. He stated that the Operations Lead had completed the weekly Duty Truck inventory and noted that there were tools and equipment missing. The On-call Duty Responder had just completed a week of District Week Duty and stated that it was quiet and he had not used any of the tools that were missing. The tools that went missing were:

- Vivax Metro Tech Pipe Locater
- Hach Chlorine Tester
- Schonstedt Metal Locater
- Bolt Cutters
- 18” Reverse Angle Pipe Wrench

The replacement value of the missing tools is approximately \$4,500.00. The District’s deductible for Auto Insurance is \$1,000 with Property Coverage at \$5,000.

On Thursday, April 19, 2018, the Operations Lead and Maintenance Lead asked all of the other crew members if anyone had used any of these tools or equipment off of the Duty Truck and nobody knew their whereabouts. The Duty Responder stated that he is very good about locking all of the doors and compartments on the Duty Truck when on-call. He also said that on Monday morning he did notice that the doors were not locked on the truck, which he found mysterious.

Upon careful evaluation of the Duty Truck, there is no physical evidence of any forcible entry into the Duty Truck cab or canopy. A Police report was filed after the incident. The loss was also reported to the State Auditor’s Office, consistent with their guidelines. The new District Duty Truck is scheduled to arrive next month. This truck will be equipped with a factory alarm for the cab, Staff is researching different alarm systems for tool boxes and canopy tops for the District vehicles that are assigned to persons for duty response.

7.) INTERAGENCY REPORT(S)

a.) Staff Report – City of Everett – EWUC Report

Mr. Brees presented a verbal report to the Board of Commissioners of the Everett Water Situation Fact Sheet; Everett Water Storage Spada Elevation Graph; Washington SNOTEL Current Snow Water equivalent (SWE) % of Normal Sheet; and Sultan Basin April Snow Survey Stickney Ridge (3600 ft.) Graph he received at the last EWUC Meeting he attended. These reports indicated that there is above average snow pack in the Sultan Basin and that a water shortage in 2018 is highly unlikely.

8.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson shared customer correspondence received by District staff, where the customer expressed a desire for their comments to be forwarded to the Board of Commissioners. The comments were related to procedures for termination of water service for non-payment, requesting the District take extra steps prior to termination.

Mr. Nelson also provided an additional update to the Board of Commissioners regarding completion of the 2016 Audit performed by the State Auditor’s Office (SAO), and shared tentative dates for the Exit Conference. Mr. Nelson’s update included a final determination by the SAO that the Clearview Water Supply Agency (CWSA), that the District is a

member of, should be reported as a Joint Venture (form of Corporation) in the District's Financial Statements. This is a reversal of prior determination by the SAO and contrary to the position of District staff, the District's CPA, and the other members of the CWSA interlocal group. One possible suggestion to work around that is for the CWSA to pass a resolution clearly stating that they are not a Joint Venture, then the member agencies may file statements as they see fit.

c.) **Attorney:**

Mr. Milne provided a brief update to the Board of Commissioners concerning two lawsuits that are underway in King County that are of statewide significance for water and sewer districts. First, is a suit against the City of Federal Way for the assessment of an excise tax placed on utility services that is not clearly authorized. Second, is a lawsuit between King County and water and sewer districts related to requirement to pay for rent for use of the right-of-way that also is essentially a tax that is not specifically authorized by State Law.

d.) **General Manager:**

Mr. Brees, Mr. Berger, and Mr. Delfel reported to the Board of Commissioners that the District provided emergency assistance to the Mukilteo Water & Wastewater District earlier this week, in response to a sewer force main failure that rendered three lift stations that provide service to portions of the City of Mukilteo inoperable. District crews assisted by shuttling sewage with a Vactor truck to prevent overflows until emergency bypass pumps could be acquired and set up. The Alderwood Water & Wastewater District also assisted, and private contractors were mobilized.

Mr. Brees also informed the Board of Commissioners of proposed changes to email addresses for the Board of Commissioners that are monitored by District staff. The proposed change is to go from three individual addresses to one shared account, which will reduce some record keeping and effort to monitor this account.

Finally, Mr. Brees reported that the Washington Cities Insurance Agency (WCIA) met with District staff this week to perform their Annual Audit. The District is well on its way to meet the annual training and participation requirements. Mr. Brees detailed some of the benefits the District receives as a member of WCIA.

This ends the Minutes of the April 26, 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

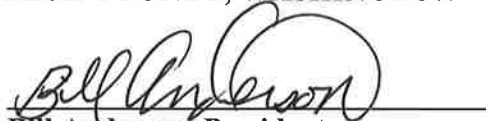
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 April 26, 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 May 10, 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 10th day of May, 2018.

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


Bill Anderson, President