

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

June 14, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on June 14, 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 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 May 24, 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.) 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	.06-001-.06-054	\$401,976.45
Sewer Maintenance	743 5418666	.06-001-.06-019	53,524.37
Sewer Capital Improve.	743 5448666	.06-001-.06-005	204,929.79
Water Capital Improve.	743 5468666	.06-001-.06-008	437,039.38
Revolving Check Fund		5983 - 5987	34,145.09
Total Warrants			\$1,131,615.08

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 Change Order No. 5 and Pay Application No. 10, regarding the District's Headquarter Upgrade Project.

Mr. Brees reported work on the new Building "A" is nearing completion. The work on existing Building "B" addition is proceeding; the roof is now complete and work is focused on the mezzanine and finishing the laundry, restroom, and sleeping quarters. Site work is focused on installation of curbing and preparation for paving.

The ten month contract term for the project is nearing its end. The scheduled date for substantial completion was June 10, 2018, with final completion required by July 10, 2018. The Contractor is forecasting completion a few weeks to a month behind this schedule. The Contractor previously requested an additional 21 calendar days to complete the work, alleging weather delays encountered in March and April of this year. The District's project team does not believe that 21 days are warranted as it has not been shown that weather effected the "critical path" for the project. However, there have been some initial discussions to considering additional time to complete work as a part of a resolution that includes other unresolved claims.

Change Order No. 5 includes several minor modifications and the net cost of the change order is \$16,334.23. The following modifications to the Scope of Work and Contract for the project included in Change Order No. 5 are:

- Minor modifications to the parking lot gates and access control (additional cost).
- Deletion of conduits for a future backup and backup generator (credit).
- Excavation and export of unsuitable materials and import of replacement material for soft soils encountered in the new paved areas (additional cost).
- Adjustments to road grade and frontage directed by the County (additional cost).
- Substitute porcelain tile in place of sheet vinyl in laundry room and restroom due to moisture level in slab (additional cost).

Pay Application No. 10 has been submitted for review and approval. The total payment requested is \$364,324.93 for work completed in the month of May. Including this payment, the total value of work completed through May is 73% of the project total.

Staff requested the Board of Commissioners review Pay Application No. 10 and Change Order No. 5 and if in agreement by motion, direct staff to process a payment for Pay Application No. 10. The total payment to Petra, Inc., minus retainage requested, including Pay Application No. 10, is \$364,324.93. The change to the contract price in Change Order No. 5 is \$16,334.23 (increase).

Following discussion, by motion passed unanimously, the Board of Commissioners approved Pay Application No. 10, and directed staff to process a payment in the amount of \$364,324.93, minus retainage, to Petra, Inc. By motion passed unanimously, the Board also approved Change Order No. 5 for modifications to the Scope of Work, in the amount of \$16,334.23 (increase).

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

Mr. Delfel presented a verbal summary to the Board of Commissioners of a Staff report and Gray & Osborne's Letter of Recommendation and Progress Pay Estimate No. 6 for the work performed through June 1, 2018, regarding the Reservoir No. 3 Improvements Project update.

The Contractor completed the electrical conduit installation beneath the floor slab in the new Booster Station and pouring of the concrete slab is complete. Masonry work for the stem wall is near completion. The offsite fabrication of the stair components has been

partially completed and all of the catwalk supports and the stair portions that have been delivered have been attached to the District's reservoir. Two segments of the stair assembly and the security gate have yet to be delivered to the site.

Work had been scheduled to begin coating the erected steel additions to match the existing tank color pattern; however, an issue was discovered by the District's specialty coatings inspector. It appears that the fabricated steel components did not receive the proper surface preparation prior to the application of the primer paint. The planned application of the coating was suspended and the District is working with RAZZ Construction to identify a solution.

The total payment made through Pay Estimate No. 6 represents completion of 32% of the contracted work. RAZZ Construction has provided a Retainage Guarantee Bond.

Staff requested the Board of Commissioners review Pay Estimate No. 6 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 \$198,339.79.

Following discussion, by motion passed unanimously, the Board of Commissioners approved Pay Estimate No. 6, and directed staff to process a payment to RAZZ Construction for work performed as identified, including Washington State Sales Tax, in the amount of \$198,339.79.

c.) Staff Report – Front Office Security Improvements

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report and attached Revised Budget Estimate (5/8/2018) regarding the Front Office Security Improvements project.

Work on this project was delayed over the summer of 2017 to allow staff to focus on the projects already underway. In the fall of 2017, a staff committee reconvened to refine the project objectives, and a Scope of Work was sent to two qualified architectural firms to solicit proposals. The architectural firm of David A. Clark Architects, PLLC was determined to be the most qualified to provide services for the project. On December 14, 2017, the Board of Commissioners authorized the General Manager to execute a Professional Services Agreement with David A. Clark Architects, PLLC.

The Architect submitted plans to Snohomish County for issuance of a building permit in May 2018. The permits were submitted online as this work is considered a tenant improvement. The permits were approved last week with no revisions or additional conditions required.

The Architect and District staff are finalizing plans and specifications for bidding to Contractors on the MRSC Small Works Roster. As work is still underway on the Headquarters project, the current project timeline is to be ready to solicit bids early in July, 2018. As a part of the review of the specifications, one requirement being refined is the construction schedule. The Contractor should be given enough time to order and receive

long lead items, such as the bullet resistant glass, but minimize actual construction time. This is because while construction is underway, customer service staff will work out of the back half of the Commissioner's Conference Room, and the public will need to enter either via the side door or through the work area in the Lobby. The project budget estimate has been updated to reflect some minor additions to the Scope of Work, primarily replacement of carpet which was not in the original budget. Additionally, the minimal electrical work associated with the improvements will be split between the Contractor and the District's electricians. The Contract will demo existing fixtures and rough in for relocated or new fixtures. The District's electricians will install fixtures that are either relocated or new.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Commissioner Compensation Increase

Mr. Brees provided a verbal summary to the Board of Commissioners on a Notice from the State of Washington related to an increase in the commissioner per diem compensation.

The new per diem is one hundred and twenty eight dollars (\$128.00), with a new annual compensation limit of \$12,288. The dollar threshold takes effect July 1, 2018. The per diem is adjusted by law once every five years and is equal to the change in the consumer price index according to RCW 57.12.010.

b.) Updates to On-call, Call-back, Overtime Pay and Travel Reimbursement Policies

Mr. Brees provided a verbal report to the Board of Commissioners detailing some unintended consequences of the District's On-call, Call-back and Overtime Pay Policies. District staff recommends some changes to the current policy dealing with overtime that either spans more than one day or is significant enough in duration to not allow the worker to rest enough to report for the following day of work. Under the current policy, if the worker were to use leave in the same 24 hour period as the overtime, the overtime would be converted back to regular hours worked. Additionally, Mr. Brees shared that the District currently does not have a written policy for travel reimbursement. The District follows federal and state guidelines which can be difficult to understand. Staff recommends developing a policy.

Following Discussion it was determined that this topic warrants future consideration. Staff will prepare a draft resolution for future Board of Commissioners consideration.

7.) INTERAGENCY REPORT(S)

a.) Staff Report – Letter to the HRA VEBA Board

Mr. Brees and Mr. Nelson presented a verbal report to the Board of Commissioners of a letter they have drafted to Mr. Doug Detling (HRA VEBA Trust) and Members of the HRA VEBA Board of Directors regarding HRA VEBA Beneficiary Options and Processes.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the letter and authorized the President of the Board to sign the letter on behalf of the District.

b.) Staff Report - Washington State – Alternative Fuel Requirements

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report regarding Washington State Alternative Fuel Requirements which took effect on June 1, 2018. The following excerpt is from a post by Lynn Nordby, of MRSC, that provides the background of the law and requirements:

In 2007 the Washington State Legislature adopted the provisions of RCW 43.19.648, which required all local governments to convert their vehicle fleets to electricity or biofuel by June 1, 2015. Since the original legislation, the “Great Recession” intervened and various amendments were enacted pushing the deadline back three years and modifying some of the provisions. However, the day of reckoning is just around the corner and some local agencies are only now becoming aware of the law.

Effective June 1, 2018, all local government subdivisions of the state, to the extent determined practicable by the rules adopted by the Department of Commerce (DOC), pursuant to RCW 43.325.080, are required to satisfy 100% of their fuel usage for operating publicly owned vessels, vehicles, and construction equipment from electricity or biofuel.

DOC adopted its rules for local governments in Chapter 194-29 WAC and defined “local government” to mean “any unit of local government including, but not limited to, counties, cities, towns, municipal corporations, quasi-municipal corporations, special purpose districts, and school districts.”

The rules developed by the Department of Commerce (DOC) only require reporting by local governments that use 200,000 or more gallons of gasoline and/or diesel to fuel vehicles on an annual basis. In 2017, the District used approximately 20,000 gallons of fuel for all vehicles and emergency generators. Additionally, the DOC rules allow local governments to exempt vehicles used for emergency response by utilities in addition to police and fire vehicles. This provision will exempt most of the District’s vehicles from the requirements. Finally, the guidelines do not require agencies to replace vehicles prematurely or to undertake modifications that would void warranties.

While no immediate action is required and the District is not required to report to the DOC at this time, there are a few actions that staff recommends. Staff recommends that the District adopt a policy that exempts vehicles used for emergency response from the requirements and additionally when other vehicles (primarily passenger vehicles) are replaced. The replacement vehicles should comply with the new requirements.

Following discussion, by motion passed unanimously, the Board of Commissioners approved staff recommendation to develop a policy related to District vehicles that exempts vehicles used for emergency response from the requirements of RCW 43.19.648. Additionally, when non-emergency response vehicles are planned for replacement, these vehicles should be replaced with vehicles that meet the requirements RCW 43.19.648. The Board also directed staff to prepare a policy for future Board of Commissioner’s consideration.

8.) STAFF REPORTS

a.) District Engineer:

No report.

b.) Finance Manager:

Mr. Nelson reported to the Board of Commissioners that the District recently filed six liens for delinquent accounts. Currently, there are nineteen active liens on properties that total about eleven thousand dollars. Mr. Nelson shared that the lien filing process has been very successful at resolving delinquent accounts and the District has collected on more than four hundred and seventy filed liens.

Mr. Nelson also reported that a transient that has previously frequented the District Headquarters lobby and grounds was back in the lobby this past week. The individual, initially asked to use the restroom, but instead got a drink of water and then departed.

c.) Attorney:

Mr. Milne provided an update to the Board of Commissioners concerning the two lawsuits that are underway in King County that are of statewide significance. The first is between King County and water-sewer districts related to the requirement recently imposed by King County to pay rent for use of the right-of-way. The hearing for summary judgement motions is scheduled for July 27, 2018. The second suit is related to an excise tax that has been levied by two cities on several water-sewer districts. The hearing for summary judgement motions for this suit has now been scheduled for September 21, 2018. Mr. Milne will keep the Board further advised.

d.) General Manager:

Mr. Brees reported that the new phone system has been scheduled for installation on July 11, 2018 and that District staff have been meeting with the vendor's staff to coordinate the installation.

Mr. Brees reported he has had preliminary discussions with Jeff Clarke, General Manager of the Alderwood Water & Wastewater District (AWWD), regarding the various Interlocal agreements between the two Districts. The current wastewater agreement dates back to 2006 and has been twice amended. Recently, according to the terms of this agreement, AWWD re-routed flow from one of its sewer lift stations from Everett to the District's system, and it resulted in a payment of \$840,000 to the District. With the recent focus on the agreements, it has become apparent some of the terms are out of date and many future actions called out by the agreements have already occurred. It may be worthwhile to update, restate, and possibly consolidate the agreements to reflect the current status of the agreements and the relationship between the agencies.

This ends the Minutes of the June 14, 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

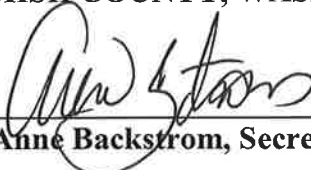
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 June 14, 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 June 28, 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 28th day of June, 2018.

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



Anne Backstrom, Secretary