

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

July 26, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on July 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; 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 July 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	.07-044-.07-077	\$244,639.96
Sewer Maintenance	743 5418666	.07-008-.07-017	697,057.74
Sewer Capital Improve.	743 5448666	.07-002-.07-006	40,869.17
Water Capital Improve.	743 5468666	.07-004-.07-010	59,876.48
Revolving Check Fund		6061 - 6088	14,786.48
Total Warrants			\$1,057,229.83

b.) Staff Report – Second Quarter Financial Reports – June 30, 2018 (Pre-closing)

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding the Second Quarter Financial Reports – June 30, 2018 (Pre-closing).

The District's Second Quarter Pre-closing revenues from all sources is \$11,524,080; a decrease of \$1,724,652 compared to the Second Quarter of 2017. Strong water consumption increased charges for Service Revenues by \$588,360. However, Bills of Sale and New Connection Fees decreased \$2,380,391 for the Second Quarter compared to 2017.

The District's total expenses posted through June 30, 2018 were \$8,885,885. The largest operating costs continue to be purchased water and sewer treatment services which totaled \$3,984,210. The Net Income through June 30, 2018 is \$2,671,195.

At the end of the Second Quarter, the District's cash and investments totaled \$44,459,211, which was a decrease of \$2,768,047 from the First Quarter. The main reason for the decrease in cash are the Headquarters Remodel and Reservoir No. 3 Projects that are being constructed.

Additionally, staff is recommending the District transfer all of the cash and investment balances from the Construction Fund (Water) to the Capital Improvement Fund (Water). The Construction Fund (Water) has a cash and investment balance of \$1,272,682.07. Typically, Construction Funds are created to track bond funded projects, and other than interest posting to the Construction Fund (Water), no other activity has taken place for a very long time. The funds would be used for the Headquarters Remodel and Reservoir No. 3 Projects. At a later date, staff may need to transfer \$2 to \$3 million dollars from the Washington State Local Government Pool (LGIP) to the Money Market account at Columbia Bank in August to provide the liquidity needed for construction progress payment on the two projects. Staff will report to the Board of Commissioners in August if the transfer is required.

Included with the Financial Statements was the Capital Project Summary Reports for the District's various major Capital projects. Retainage for the 725 Zone was paid this quarter, so its report is a final accounting for the project's total costs.

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 regarding the Headquarters Project update.

The contractual substantial completion deadline 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. While a significant amount of work has occurred since the last update, Petra, Inc. was unable to meet the deadline. There is a significant amount of work remaining to achieve substantial completion. Substantial completion, at minimum, will be defined as the Certificate of Occupancy has been approved by Snohomish County, ROW permit and frontage improvements are completed and accepted by the County, and the District is able to occupy and use the new buildings on an ongoing basis. Examples of remaining work items not included in substantial completion are: landscaping, final site clean-up, demobilization, and minor punch list repairs, etc. The District will be tracking all costs incurred as a result of the delay, and these costs will be factored against any future Change Order Requests, remaining Pay Applications, and the District reserves all rights to enforce the terms and conditions of the Project contract, including the right to assess liquidated damages for late completion.

Despite the failure to achieve substantial completion on time, District staff believe the contractor understands the urgency to complete the project as soon as possible. District

staff estimate that substantial completion may not be achieved for another three to four weeks.

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

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and Change Order No. 2 regarding the Reservoir No. 3 Improvements Project update.

The booster station roof truss system is installed and the roof sheathing is down and waterproofed with the asphalt roofing and flashing placed. Measurements for the metal roof system were field determined and will be ordered.

The concrete pads for the generator and door entry aprons and equipment housekeeping pads have been poured as have the concrete wall corbels for the support of the crane rail system. The painting of the interior block walls will follow and the fir stripping will be placed for installation of the noise reduction wall paneling, now that the station interior is protected by the roof.

Staff has reviewed costs for the PUD Electrical Vault upsizing required by the PUD, the yard hydrant and modifications to the station plumbing pipe location, and to modify the station gutters and downspouts to hard pipe to the site storm system. These costs have been tabulated and were included in Draft Change Order No. 2 to the RAZZ Construction contract.

Staff requested the Board of Commissioners review Draft Change Order No. 2 and if acceptable by motion, direct the General Manager to execute Change Order No. 2 when signed by RAZZ Construction, and include the change order payment of \$7,864.04, without Washington State Sales Tax, in Pay Estimate No. 8.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved Change Order No. 2, and directed the General Manager to execute Change Order No. 2 when signed by RAZZ Construction, and to include the change order payment of \$7,864.04, without Washington State Sales Tax, in Pay Estimate No. 8.

c.) Staff Report – Front Office Security Improvements

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

While the Bid Invitation was sent to a substantial number of contractors selected from the MRSC Roster (entire category selection, in excess of fifty contractors), District staff reported that only one bid was received. Shaiman Contracting, Inc. of Seattle, WA, submitted a lump sum bid in the amount of \$99,879, not including WSST. The project's estimated cost was \$89,773, with a total project cost estimated at \$133,159. To proceed with the project, by awarding the project to Shaiman Contracting, Inc., the estimated total project cost would be approximately \$145,000. Shaiman Contracting, Inc. has submitted all of the required documents for bidding this Small Works Project including a Contractor's Qualification Statement. The District has completed the Mandatory Bidders Responsibility

Checklist. In completing this review, Shaiman Contracting, Inc. is determined to be the Lowest Responsive Responsible Bidder for the Front Office Security Improvement Project. Staff recommended a motion authorizing the General Manager to accept the lowest responsive responsible bid and execute a small works contract with Shaiman Contracting, Inc. of Seattle, WA, upon receipt of the required insurance documents and approving a total project budget of \$145,000.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners authorized the General Manager to execute a small works contract with Shaiman Contracting, Inc. upon receipt of the required insurance documents. The Board also approved a total project budget of \$145,000.

d.) Developer Extension Agreement – Glacier View Estates

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report and Vicinity Map regarding a Developer Extension Agreement for Glacier View Estates.

Glacier View Estates is located at 134th Street SE near 72nd Avenue SE. This project is the northern portion of the former Winde Properties adjacent to the west side of Greenleaf at Snohomish Cascade and south of developments tying to the Highlands East Lift Station Basin. This will be a water and sewer extension to serve 115 new homes.

Water improvements will include a new PRV and Vault providing a second water feed to Highlands East and Greenleaf at Snohomish Cascade neighborhoods.

Sewer improvements will be finalized during design review as the Developer is investigating service to the Highlands East Lift Station or alternatively to the Sector 7 Lift Station. Connection to Sector 7 Lift Station will require offsite easements from the Greenleaf at Snohomish Cascade HOA and may have construction issues with identified wetland and wetland setback requirements. Connection to the Highlands East Basin will be subject to evaluation of the facility improvements to the Highlands East Lift Station that may be necessary to receive the project flow.

Following discussion, by motion made, seconded, and passed unanimously, the Board of Commissioners approved and executed the Developer Extension Agreement for Glacier View Estates.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Update on Employee Benefits Committee Meeting

Mr. Brees provided a verbal report to the Board of Commissioners regarding an Employee Benefits Committee Meeting held on July 17, 2018.

The purpose of the Employee Committee Meeting was to discuss potential changes to the District's policy for payment made to employees upon retirement, separation, or annual cash out for accrued Paid-Time-Off (PTO) and Sick Leave. The current practice as established by Resolution No. 730 and 731, is that all accrued leave will be cashed out upon separation, retirement, or annual cash out to the Employee's HRA VEBA account. An annual cash out for accrued PTO for employees that exceed 480 hours on December

31, 2018, or for up to 40 hours for employees whose accrual is greater than 400 hours annually thereafter was established by Resolution No. 754.

The Employee Benefits Committee recommended a change that would establish that cash outs of PTO would be a cash payment (subject to payroll deductions and taxes) made to the employee, while cash out of Sick Leave would continue to be cashed out to the employee's HRA VEBA account.

Following discussion, the Board of Commissioners expressed concurrence with the Employee Benefits Committee recommendation, and asked that the General Manager prepare a resolution for future consideration. General Manager Brees indicated that an all staff meeting would be scheduled to review the proposed changes and that a resolution would be prepared for consideration in late August or early September, 2018.

7.) **STAFF REPORTS**

a.) **District Engineer:**

No further report.

b.) **Finance Manager:**

Mr. Nelson shared his appreciation of recent efforts by Katarina Hirai and Brian Malen to restore an IT/GIS mapping application that is used by all District staff during monthly water service shut-offs. The system allows staff to be dispatched geographically and communicate shutoff and payment status, so that service is restored as soon as possible once a payment is received.

In follow up to Mr. Nelson's Second Quarter Financial Report, he recommended the District transfer all of the cash and investment balances from the Construction Fund (Water) to the Capital Improvement Fund (Water).

Following discussion, by motion made, seconded and passed unanimously, the Board of Commissioners authorized staff to transfer all of the cash and investment balances from the Construction Fund (Water) to the Capital Improvement Fund (Water).

c.) **Attorney:**

Mr. Milne reported that Friday, July 27, 2018, is the scheduled court date regarding the King County right-of-way rent charges that the County is attempting to assess against water and sewer districts.

d.) **General Manager:**

Mr. Brees reported to the Board of Commissioners on the WASWD Fall Conference and Trade show to be held in Spokane, WA (Red Lion Spokane at the Park), September 19 – 21, 2018. Following discussion, it was acknowledged that Mr. Brees, Commissioner Backstrom, and Mr. Gilmore will attend this conference. The Board of Commissioners authorized an additional staff member to attend the conference in place of Commissioner Anderson, who typically attends this conference.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (g). A motion was made, seconded, and unanimously approved by the Board

of Commissioners to convene to an Executive Session to discuss this matter. Before convening to the Executive Session at 6:00 p.m., Commissioner Anderson advised that the Executive Session would be concluded at 6:10 p.m. The Executive Session concluded at 6:10 p.m. and the open public meeting reconvened.

This ends the Minutes of the July 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 July 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 August 9, 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 9th day of August, 2018.

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



Anne Backstrom, Secretary