

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

August 23, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on August 23, 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, Operations and Maintenance Manager Ron Berger, and Technical Services Manager Chad Phelan; 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 August 9, 2018 were unanimously approved as circulated.

3.) **PUBLIC COMMENT:**

Mr. Casey Parks, District Water Quality Supervisor, addressed the Board of Commissioners regarding his pending retirement from District service. Mr. Parks provided a letter dated August 23, 2018 addressed to the Board regarding his retirement. He indicated he intended to move to Sequim, Washington, as of September 22, 2018, and has requested to use accrued Paid-Time-Off (PTO) beginning on Monday, September 24, 2018 through November 27, 2018, the date of his planned retirement from District service. Mr. Brees previously responded to Mr. Parks request in a memorandum dated August 2, 2018, and has met with Mr. Parks several times to discuss his request. Mr. Brees had determined the effective date of retirement/separation of employment is determined by the final day of actual work for the District. This has been the expectation and practice observed by other recent retirees of the District. This determination requires that if Mr. Parks intended to retire on November 27, 2018, he would be required to work on that day. Otherwise, Mr. Parks would be in a paid leave status accruing additional leave and benefits with no intent or expectation to return to work. The District, however, has a policy for cash out of accrued sick leave and vacation that is paid out to eligible employees. The cash-out of the accrued leave is calculated on the date of separation and paid on the next regularly scheduled payday. Mr. Parks reviewed his letter with the Board of Commissioners, recounting his recollection of conversations he had with Mr. Brees, and requested that he be permitted to use accrued PTO beginning on Monday, September 24, 2018 through November 27, 2018, the date of his planned date of retirement from the District.

Mr. Brees stated he did not believe Mr. Parks had accurately presented his conversations with Mr. Brees and also felt the letter contained several misstatements attributed to Mr. Brees.

The Board of Commissioners indicated that they would take Mr. Parks comments and letter under advisement, and that Mr. Parks request will be reviewed at future meeting of the Board of Commissioners unless otherwise resolved by the General Manager with Mr. Parks.

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	.08-037-.08-068	\$304,804.30
Sewer Maintenance	743 5418666	.08-009-.08-015	33,311.23
Sewer Capital Improve.	743 5448666	.08-005-.08-009	28,216.64
Water Capital Improve.	743 5468666	.08-005-.08-010	55,001.83
Revolving Check Fund		6100 - 6126	27,052.08
Total Warrants			\$448,386.08

b.) **Staff Report – Customer Leak Credit Program**

Mr. Nelson provided a Staff report on Customer Leak Credit Programs, a sample letter sent to customer's with high consumption, Utility Billing examples, a summary of peer agencies Leak Credit Program information and financial calculation of leak credits for several of the District's peer utilities.

On August 9, 2018, Mr. Robert Gibson (District customer) provided public comments to the Board of Commissioners regarding a leak at his property, the high amount of his bill, and he requested the District provide an adjustment commonly known as a "leak credit". The District's policy has been not to extend customers a credit adjustment for water leaks. It's been communicated in the past that the basis for this policy is twofold: first, because the District is required to pay for the leaked water; and second, because the leak occurred in the customer's private water system. The Board of Commissioners has communicated this policy to Mr. Gibson.

District staff also advised the Board of Commissioners the District has made significant improvements to the leak check process and notice of high consumption to District customers. However, District customers often have an expectation of a leak credit because of their plumber's communication and/or their previous water utility provided a leak adjustment. Staff also communicated that the Board of Commissioners has not reviewed a Leak Policy for many years and requested direction whether the Board would like staff to report back regarding other agency leak credit policies. The Board had authorized staff to do so.

While not all Washington municipal utilities provide leak credit adjustments, staff reported that all of the District's peers do so. The most favorable leak adjustment is provided by the Alderwood Water & Wastewater District, which provides a credit of up to 94% off of a customer's water consumption charges based upon a sample bill. However, the average leak credit of other peer utilities is approximately 50% of the water consumption charges. However, this percentage is dependent on their specific program parameters. These calculations only include water consumption costs and not the base rate for water or sewer charges based on water consumption. Further, sewer leak adjustments were not considered because the District charges a flat sewer rate for residential customer types.

Staff requested the Commissioners consider adopting a leak credit policy and provide direction based upon several program parameters recommended by staff.

Following discussion, the Board of Commissioners approved and directed staff to draft a District Leak Credit Policy for future consideration. Parameters of the program that were discussed included: eligibility, leak repair requirements, an adjustment period, and how the leak credit would be calculated. Discussion also included if customers that recently experienced a significant leak would be eligible to participate. It was determined that any policy approved and adopted by the Board would not be applied retroactively.

c.) Staff Report – Resolution No. 763 – 2018 Health Insurance and VEBA Cash-out

Mr. Nelson provided a Staff report regarding Draft Resolution No. 763 - 2018 Health Insurance and VEBA Cash-out.

At the July 26, 2018 Board of Commissioners Meeting, Mr. Brees reported that the employee committee had met and recommended the District’s cash-out provision for vacation and sick leave be changed, so only the eligible sick leave cash-out on an employee’s separation or retirement, in accordance to Resolution No. 754, would be deposited to an employee’s VEBA Health Retirement Account. The Board had directed staff to provide a resolution for consideration to make the required changes.

Resolution No. 763 would provide sick leave cash-outs upon separation, retirement, or in accordance with the one-time excessive sick leave balance cash-out authorized by Resolution No. 754, to be deposited to an employee’s VEBA Health Retirement Account. There is one employee currently eligible for a cash-out of excess sick leave in December 2018. Employee paid time off cash-outs would be provided to the employee with their final payroll check and not deposited to VEBA. The HRA VEBA Plan Administrator has reviewed the resolution and reports that it is in compliance with plan rules.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners adopted and executed Resolution No. 763 establishing the HRA VEBA Plans, providing for payment of Health Insurance Premiums for regular and temporary full-time employees and Commissioners of the District, and repealing Resolution No. 730 and Resolution No. 731.

5.) CAPITAL IMPROVEMENT PROJECT(S):

a.) Staff Report – Headquarters Project Update

Mr. Brees presented a Staff report regarding the Headquarters Project update.

The contractual substantial completion 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. The ongoing focus of work is completion of all remaining items required for substantial completion. Since the last update, site work is progressing, paving and curbing of the customer parking lot has been completed, and most of the frontage improvements have been completed. At this point, installation of sidewalk along 41st Avenue SE is the only frontage improvement that remains. The landscaping subcontractor has begun work to repair and restore the irrigation system. The new Building “A” is functionally complete with only punch list items remaining. The Building “B”

addition is nearing completion with repair of concrete floors as the only major element of work remaining.

In an effort to get the project completed in a timely manner, where additional work is required by change or unforeseen circumstances that would have been addressed by change order, District crews have increasingly been utilized, rather than add to the project contractor's scope of work at additional expense. This approach has been viewed as beneficial to both the District from a cost perspective, and to Petra from a capacity and schedule perspective. However, the District continues to reserve all rights to assess liquidated damages for the delayed completion of the project work.

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.

Foss Painting is continuing the application of the final top coat of the exterior metal rail, catwalk, and gutter system, and anticipates completion of the work this week.

The booster station interior painting of the block walls is complete and the electrical cabinet installation has begun. The restroom wall framing is complete and the plumbing is being installed in the walls, in advance of the placement of sheetrock.

The fir stripping installation over the painted block walls is continuing to be installed to allow the placement of the noise absorbing acoustical panels. The interior exposed water piping and pump casings have been prepped and painted to the District's standard blue water pipe coded color. The water supply line to the District's flow samplers, restroom, and yard hydrant, will be completed prior to placement of the acoustical panels.

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.

On Monday August 13, 2018, a Pre-construction Meeting was held with Shaiman Contracting Inc. and the District's project team. On Monday August 20, 2018, a Notice to Proceed was issued to Shaiman Contracting Inc., beginning the contract period for the project. It is anticipated that some of the construction materials required for the project will have a delayed delivery. Doors and bullet proof glass are known to be delayed, due to production not keeping up with high demand. The current plan by the contractor identified during the Pre-construction Meeting is to assemble the majority of the materials on-site before beginning demolition. This will lessen the duration of construction and allow District staff to continue normal operations likely until the middle of October. Actual construction of the improvements is scheduled for the latter half of October and November.

d.) Staff Report – Seattle Hill Road and Manhole Adjustments

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and Change Order No. 1 regarding Seattle Hill Road and Manhole Adjustments.

The Board was informed a year ago that Taylor's Excavating had already adjusted some of the District facilities in areas where significant cuts and fills were performed. The County designed final road grade cuts and fills in their bid documents that were different than the information provided to the District's design. The District had no alternative, so the facilities were raised to the final project grades of the County work as installed. Staff presented these out-of-scope work elements to the Board, detailing the proposed approach to adapt to the County final design that created change of conditions to the Contractor. District Staff anticipated additional out-of-design forced modifications and intended to track the manpower and materials required when the "adjustment" needs exceed the work described in the project plans. It was a surprise to staff that these original changed structures discussed with the Board at the time of discovery, were the only change order elements on this project. The manhole and valve adjustments to final grade are nearly complete, and staff brought this year old change order work to the Board for consideration, as it is the only change order to this project.

Proposed Change Order No. 1 includes the adjustment of three manholes to grade where significant removal or extension of manhole sections were required, in addition to final adjustments using manhole grade rings. The work was identified in two schedules, due to geographic location of Washington State and local tax variation. The Schedule "A" work will have sales tax calculated at 8.9% and the Schedule "B" sales tax will be calculated at 10.3%. The total for this change order, prior to the sales tax calculation, will be \$8,764.29, and it will raise the project Pre-tax Contract Amount to \$166,464.29. This change order if approved, will be included in the next pay estimate. It is anticipated that the next pay estimate will be the final pay estimate prior to project acceptance, leaving a last payment of the retained funds that will be released after full compliance with State Regulatory Agencies with a hold on retainage.

Staff requested the Board to review Change Order No. 1 and if in concurrence, approve the change order and direct the General Manager to execute Change Order No. 1 when signed by Taylor's Excavators, Inc., in the amount of \$8,764.29 before applicable state and local sales tax, and increase the Pre-tax Project Contract Limit to \$166,464.29.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved Change Order No. 1 when it is signed by Taylor's Excavators, Inc., in the amount of \$8,764.29 before applicable state and local sales tax, and increase the Pre-tax Project Contract Limit to \$166,464.29.

e.) Developer Extension Agreements

Mr. Gilmore provided a verbal summary to the Board of Commissioners of a Staff report and Vicinity Map regarding Developer Extension Agreements for Bakerview Landfill Closure Plan and Bakerview Subdivision.

Bakerview Landfill is located at 105th Street SE near 43rd Avenue if extended. This project is a request for a water main extension into the project site of the proposed Plat of Bakerview. The project will construct the water main extension, a hydrant, and a single water meter, for use onsite during the closure of the former wood waste landfill adjacent to the proposed Plat of Bakerview. A separate DEA was submitted to the District for the

development of the Bakerview Plat. The plat's specific work will follow the acceptance of the land fill closure. The Developer is JM1 Holdings, LLC.

Bakerview Subdivision is located at 105th Street SE near 43rd Avenue if extended. This project will provide a water main and sewer extension to the proposed 97 lot Plat of Bakerview. No development of the infrastructure for the plat will occur prior to the acceptance of the landfill closure of the former wood debris landfill adjacent to this planned subdivision. Specific work construction for this proposed plat will follow the acceptance of the landfill closure. The Developer wishes to proceed with the design review and receive approval for construction status with the District concurrent with their closure of the landfill to be shovel ready when the landfill closure is accepted.

Proposed significant improvements to be included in the DEA are a sewer lift station serving the plat and conveying flow to The Point Lift Station, and the addition of a second water feed to this proposed plat that will provide a second water feed to the plats of The Point and portions of Kingsridge, currently receiving water through a PRV from a single connection to the District's 640 Zone.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners accepted the applications by a vote of 2-0-1, Commissioner Keppler abstaining. Developer Extension Agreements were executed for Bakerview Landfill Closure Plan and Bakerview Subdivision.

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Staff Report – Review Implementation of the New Phone System

Mr. Phelan provided a report regarding the Implementation of the District's New Phone System.

The District recently installed a new phone voice over internet system to address defects with our old system and gain new functionality. The District went live with the new system on July 11, 2018. All staff were trained on the new system based on their specific use of the system. Some of the benefits the District will gain from the new system are:

- Less expensive monthly cost. The old Frontier phone lines could cost as much as \$750 per month for 8 lines, while the new system costs \$250/month for 12 lines.
- Phone system now running on new virtual hardware.
- Better handsets with better features.
- Visual voicemail to reduce staff time spent listening to voicemails. This is especially useful for front desk staff to navigate through the many voicemails they receive.
- Ability to dial numbers/receive phone system calls from computer and cell phone.
- Centralized voicemail and contacts on cell phone/computer/phone. Link to outlook contacts.
- Now have phones at reservoirs with extensions.
- System can easily be added to with new features such as an intercom system (planned for the inventory and maintenance building).

- New gates added in the construction process will be controlled by the phone system.
- Key staff now have direct dial numbers.

b.) Staff Report – Water Quality Coordinator Position(s)

Mr. Berger provided a Staff report regarding a Water Quality Coordinator Job Description.

At the Board Meeting of August 8, 2018, staff provided information and concepts relating to reorganizing the Water Quality Job Description and duties, with the upcoming retirement of Mr. Casey Parks (Water Quality Supervisor).

A new Job Description has been drafted for the Water Quality Coordinator positions and a pay range was presented to the Board of Commissioners for their review. The intent is to first recruit for these positions within the District, as there is a pool of qualified candidates for which these positions would be a promotional opportunity.

Following discussion, by motion made, seconded, and carried unanimously, the Board of Commissioners approved the Job Description, pay range, and authorized staff to begin the recruitment process for the Water Quality Coordinator positions.

c.) WAWARN Functional Exercise Participation and Membership

Mr. Brees provided a Staff report regarding WAWARN Participation and Membership. Also attached are a WARN FAQ Sheet, Mutual Aid Agreement for Washington State for Intrastate Water/Wastewater Agency Response Network (WARN), and a flier for a free WAWARN Functional Exercise.

The District prepares for emergencies in several ways, most notably through the development and adoption of an Emergency Response Plan. In 2014, the District developed and adopted the most current version of the Emergency Response Plan. It conforms to the most current standards for preparedness for utilities of the District's type and scale. The plan identifies hazards and inventories, critical facilities, establishes roles and responsibilities, defines a system for communication, and command and incident management. Additionally, the plan identifies likely emergencies and develops responses to these known hazards.

A few of the key concepts included in the Emergency Response Plan are to develop programs where District staff train for emergency response by participating in drills, table top exercises, regional exercise, and to coordinate with other agencies that the District will rely upon during emergencies.

One interlocal group that helps facilitate both training and coordinated response that the District is not currently a member of (137 other agencies within the State of Washington are) is WAWARN. WAWARN will be hosting a Functional Exercise on September 25, 2018 that six District staff members are scheduled to attend. In addition to participating in the Functional Exercise, joining WAWARN would be an additional means of Emergency Preparedness Training and for coordination between agencies during an emergency. The steps to join are very straight forward: 1) Complete an Online Application, 2) Complete a Utility Profile, 3) Execute a Mutual Aid Agreement, and 4) Attend Training. There is no

cost to join or obligation to respond to another agencies emergency. Mr. Brees indicated that he will likely bring forward to the Board of Commissioners, a recommendation to join WAWARN at a future meeting as an additional means of Emergency Preparedness Training and for coordination between agencies during an emergency.

7.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson provide a report to the Board of Commissioners regarding new customer letters that have been developed and are sent to new property owners or tenants when they become known to the District. The intent of the letter is to introduce the District to customers, provide contact information, and bill payment information.

Mr. Nelson also reported that District staff promptly restored service to a property that had been suspended due to non-payment, after learning the family living there had suffered a recent loss.

c.) Attorney:

Mr. Milne provided a report to the Board of Commissioners on King County's suit against King County water-sewer districts to require the payment of rent to use County right-of-way. On August 1, 2018, the court had issued an oral ruling in favor of the districts holding the County lacked legal authority to charge the districts rent. Mr. Milne advised his office would present a written order to the court for approval at a hearing scheduled for August 30, 2018. He will keep the Board further advised.

Mr. Milne also reported on a lawsuit involving certain King County water-sewer districts against the City of Federal Way regarding the imposition of an excise tax on the districts' gross revenues.

d.) General Manager:

Mr. Brees reported on preliminary health insurance premiums for 2019 that have been made available by the Washington State Health Care Authority. The increases are expected to be nominal, in the range of 1-3%, dependent on the individual plan.

Mr. Brees also reported that a staff barbeque is scheduled for Friday, August 31, 2018. The Board of Commissioners instructed the General Manager to close the office at Noon that day in observance of the Labor Day Holiday.

This ends the Minutes of the August 23, 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

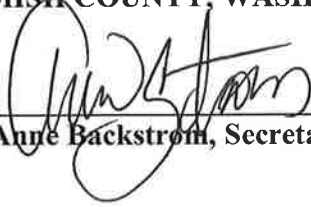
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 August 23, 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 September 13, 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 13th day of September, 2018.

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



Anne Backstrom, Secretary