

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

July 27, 2017

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on July 27, 2017, 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; and John Milne with Inslee, Best, Doezie, & Ryder P.S., Attorney for the District.

1.) CALL TO ORDER:

Commissioner Backstrom called the meeting to order at 5:30 p.m.

2.) APPROVAL OF MINUTES:

The Minutes of the regular meeting of July 13, 2017 were unanimously approved as circulated.

3.) PUBLIC COMMENT

There were no comments from members of the public.

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	.07-059-.07-082	\$72,259.04
Sewer Maintenance	743 5418666	.07-012-.07-022	185,334.80
Sewer Capital Improve.	743 5448666	.07-002-.07-006	14,463.23
Water Capital Improve.	743 5468666	.07-005-.07-011	28,686.90
Revolving Check Fund		5454 - 5492	265,246.87
Total Warrants			\$565,990.84

b.) Staff Report Second Quarter Financial Reports

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report regarding Second Quarter Financial Reports, June 30, 2017 (Pre-closing), for their review.

Overall, the District's financial performance is very strong with an increase of more than one million dollars in total revenues compared to second quarter of 2016. Water consumption is down when compared to 2016, which was above average. The large increase in revenues is primarily attributable to connection charges.

5.) CAPITAL IMPROVEMENTS

a.) Headquarters Project Update

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report, regarding a project update for the District's New Inventory Building, Garage Addition, and TI Project (District Headquarter Improvements), for their review.

Progress towards construction continues, and since the last update tasks have been completed related to execution of the contract, permitting, and coordination.

Petra, Inc. has returned to the District, the signed contract documents, the required insurance forms, insurance endorsements, and a Performance, Payment and Guaranty Bond. District staff, with assistance from WCIA, have completed the initial review of the submitted insurance documentation. Petra, Inc. is required to provide one additional insurance endorsement related to builders risk coverage. When this final insurance requirement is met, the General Manager will execute the contract.

The Department of Ecology storm water permit coverage is in effect, allowing the Contractor to begin work on the site. The District has received notification that the right-of-way dedication has been accepted by Snohomish County. This was the final pre-permit requirement. It is anticipated that the Building permits will be issued within the next week, completing all permitting for the project.

The Pre-construction meeting is scheduled with Petra, Inc. and the District's project team, on Thursday, August 3, 2017. It is anticipated that the effective date of the Notice to Proceed will be August 7, 2017. Maintenance and Operations staff will begin operations out of the old District office sometime next week, in advance of the Contractor's work.

6.) STAFF REPORTS

a.) District Engineer:

Mr. Gilmore provided a verbal update on the Snohomish County ROW permit deviation request process that the District is pursuing for the 725 Zone project. Standard restoration requirements implemented by the County in 2016 require the District to provide full roadway width overlay even if work only occurs in part of the road. The overlay requirement is then a trigger for requirements to bring ADA ramps to current standards. The District is requesting a deviation to only complete the overlay and ramp upgrades on one half of the street. Pending the decision by Snohomish County, there will be a change in scope for Engineering in order to design the required improvements. Review and a decision by Snohomish County is expected within the next week or two.

b.) Finance Manager:

Mr. Nelson provided verbal updates to the Board regarding PERS rates, State Auditor's Office fees, and the potential future issuance of a Revenue Bond.

PERS rates increased effective July 1st, 2017. The rate change affected both the employee and employer contribution rate. Employees will be provided a memo detailing the change that is reflected in their next paycheck.

The State Auditor's rates charged to political subdivisions to perform audits will be increasing with the passage of the State budget from \$93 an hour to \$95 an hour.

Mr. Nelson also reported that District staff have met with a bond underwriter regarding a future issuance to fund water capital improvement projects in 2017 and 2018. The timing for a bond issue would be to sell bonds in the fall of 2017. Repayment would be timed to not impact rates as other debts will be retired in 2018.

c.) **Attorney:**

No further report.

d.) **General Manager:**

Mr. Brees provided a verbal report to the Board of Commissioners regarding the purchase of drive units for Lift Station No. 3, the recruitment process for a Utility Clerk I position, and the shift schedule change for the field crew.

The District has advertised for competitive bid for three Variable Frequency Drive units for Lift Station No. 3. Mr. Brees reported that these components were not replaced when improvements were constructed at the site in 2012. The existing units are becoming unreliable and parts availability is limited. Once replaced, the existing units can be used for parts or as a temporary replacement at other lift station sites. Competitive bidding and Board authorization is required as the anticipated purchase price for materials exceeds \$50,000. District staff will install the units at the site.

The application period for the Utility Clerk I position is scheduled to close Friday. Based on response to the advertisement, staff is expecting a large pool of well qualified applicants.

Field crews shifted to a new earlier summer start time this week. During this trial period, the field crew is working 7:00 a.m. - 3:30 p.m. However, at least one employee is available until 4:30 p.m. on their regular schedule. At the request of the Board, the General Manager has confirmed that these hours are permissible hours of work in Snohomish County, Everett, and Mill Creek.

The General Manager requested an Executive Session to discuss matters pursuant to RCW 42.30.110 (1) (g) relating to employment separation issues; and pursuant to RCW 42.30.110 (1) (g) to discuss conditions of employment relating to a specific employee; and pursuant to RCW 42.30.110 (1) (i) to discuss with legal counsel pending litigation with the Washington Department of Revenue. A motion was made, seconded, and unanimously approved by the Board of Commissioners to convene to an Executive Session to discuss these matters. Before convening the Executive Session at 5:45 p.m., Commissioner Backstrom advised that the Executive Session would be concluded at 6:00 p.m. The Executive Session concluded at 6:00 p.m. and the open public meeting reconvened.

The Board of Commissioners, by motion passed unanimously, directed the General Manager to enter into a Separation Agreement with an employee as drafted.

The Board of Commissioners, by motion passed unanimously, authorized the use of sick leave and the accrual of half of the first year of vacation accrual for a new employee. This authorization is granted so that the employee may take two weeks off in paid status for the care of a spouse and newborn child. The due date is anticipated when the employee has

four months of tenure rather than the District's customary six month waiting period which will be waived in this instance due to the particular circumstances.

The Board of Commissioners, by motion passed unanimously, directed Staff to pay the Department of Revenue assessment and interest in the amount of \$211,074.94. The Board directed staff to pay the amount via two warrant checks with an accompanying letter stating that a portion, \$60,833.72 is paid under protest, reserving the District's right to seek a refund under applicable law. The General Manager will report further to the Board in the future whether the District should file an appeal regarding the disputed amount.

This ends the Minutes of the July 27, 2017 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 27, 2017 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 10, 2017, 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 August 2017.

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



Rod Keppler, Secretary