

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

April 12, 2018

The regular meeting of the Board of Commissioners of the Silver Lake Water & Sewer District was held on April 12, 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, and Finance Manager Brad Nelson; Eric Delfel with Gray & Osborne, Inc.; and John Milne with Inslee, Best, Doezie, & 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 March 22, 2018 were unanimously approved as circulated.

3.) PUBLIC COMMENT:

No members of the public present at the meeting wished to comment.

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 Fund	743 5408666	.04-001-.04-063	\$151,669.60
Sewer Maintenance Fund	743 5418666	.04-001-.04-013	42,266.63
Sewer Capital Improve. Fund	743 5448666	.04-001-.04-005	316,316.46
Water Capital Improve. Fund	743 5468666	.04-001-.04-004	555,212.35
Revolving Check Fund		5896 - 5907	2,745.30
Total Warrants			\$1,068,210.34

b.) Staff Report – 2018 Pass-through Rate Adjustment & Draft Resolution No. 756

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report and Draft Resolution No. 756, regarding 2018 Water and Sewer Pass-through rates, for their review.

Staff recommended a water rate increase of \$.10 per water unit; an Everett Basin Sewer Rate increase of \$1.45 per Equivalent Residential Unit (ERU); and an Alderwood Sewer Basin Sewer Rate increase of \$.10 per ERU. With respect to the District's peer agencies, the District will still have the lowest water rates, and both basins' sewer rate would still be below the median and average sewer rates of the District's peers. Staff requested the Board

of Commissioners approve the 2018 Pass-through Water and Sewer Rate increases by approving Draft Resolution No.756. Once the 2018 Wastewater Comprehensive Plan is adopted, the District will conduct a rate study to review the District's charges for services and connection fees.

Following discussion, by motion passed unanimously, the Board of Commissioners approved the 2018 Pass-through Water and Sewer Rate increases. The Board also approved and executed Resolution No. 756, adopting water and sewer rates and definitions for customer classifications and repealed Resolution No. 738.

c.) Staff Report – Sector 7 Charge

Mr. Nelson provided a verbal summary to the Board of Commissioners of a Staff report, calculation of the Sector 7 Special Sewer Connection Charge, the Cost of Capital Analysis, the Final Sector 7 Lift Station Project Summary Costs, the Special Sewer Connection Boundary Map (Exhibit "B"), and Gray and Osborne's determination of ERU's regarding the Sector 7 Lift Station Special Sewer 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 to provide sewer transmission for existing Snohomish County sewer connections and future sewer connections within the potential service basin.

In addition to the District's direct costs to construct the Lift Station, the District can recover up to ten years of interest when a connection is made to or uses the Lift Station. The total interest rate costs for the full ten year period was estimated at \$607,645.33. Therefore, the Sector 7 Special Sewer Connection Charge would be approximately \$876.80 per ERU.

Staff is requesting the Board of Commissioners set a Public Hearing date of April 26, 2018, to receive public comment and consider the adoption of a resolution to establish a Sector 7 Special Sewer Connection Charge estimated at \$876.80 per ERU.

Following discussion, by motion passed unanimously, the Board of Commissioners set a Public Hearing for April 26, 2018, to receive public comment and consider the adoption of a resolution to establish the Sector 7 Special Sewer Connection Charge of approximately \$876.80 per ERU.

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. 4 and Payment Application No. 8, regarding the District's Headquarter Upgrade Project.

Work is progressing at a rapid pace in comparison to previous updates. Progress on Building "A" continues, most of the metal framing is in place, masonry walls are nearing completion, and work has begun on the roof. The slab on grade for the Building "B" addition has been completed and the metal framing has also been started. Work is also

progressing above grade within the existing Building “B” where sleeping quarters, restroom, and laundry facilities are being constructed. The infill slab has been poured and work is beginning to construct masonry walls.

Change Order No. 4 was submitted for the Board of Commissioner’s review and approval. This Change Order modifies the contract documents in two ways with respect to cost. First, the footing for the Building “B” addition has been modified to match the final design of the building. The pricing for this component of the change totals \$888.68. The second additional cost is to install a drain line between an electrical vault and an existing storm drainage structure at a cost of \$3,094.18. This drain line was not included in the bid documents. Change Order No. 4 also documents several minor changes to the contract documents that do not effect price.

Staff requested the Board review Pay Application No. 8 and Contract Change Order No. 4, and if in agreement by motion, direct staff to process the payment for Pay Application No. 8 and approve the changes to the contract and total contract amount as identified in Change Order No. 4. The total payment to Petra, Inc., minus retainage requested in Pay Application No. 8, is \$506,947.83. The total change to the contract amount included in Change Order No. 4 is \$3,982.86.

Following discussion, by motion passed unanimously, the Board of Commissioners approved Change Order No. 4 and directed staff to process the payment for Pay Application No. 8, in the amount of \$506,947.83, minus retainage, to Petra, Inc.

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

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report and Gray & Osborne’s Letter of Recommendation to pay RAZZ Construction for work performed through March 30, 2018 and Progress Pay Estimate No. 4, 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. Site excavation for concrete slab to generator facilities and preparation of the stem walls for installation of the masonry wall blocks is concluding. The offsite fabrication of the catwalk and stairs is anticipated to be delivered by the end of this week. Site construction activity will increase significantly when the delivery milestone has been achieved.

The total payments made through Pay Estimate No. 4 represent a construction activity completion of 18% of the contracted work. RAZZ Construction has provided a Retainage Guarantee Bond. Staff requested the Board to review Pay Estimate No. 4 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 \$270,572.86.

Following discussion, by motion passed unanimously, the Board of Commissioners approved Pay Estimate No. 4 and directed staff to process a payment to RAZZ Construction as identified, in the amount of \$270,572.86, including Washington State Sales Tax.

c.) Staff Report – Adopt Wastewater Comprehensive Plan

Mr. Brees provided a report to the Board on a Staff report and Draft Resolution No. 757, regarding the 2018 Wastewater Comprehensive Plan.

At the March 22, 2018 Board of Commissioners' Meeting, the District's Engineering Consultant, Eric Delfel, presented a summary of the 2018 Wastewater Comprehensive Plan as prepared by Gray & Osborne, Inc., with input from District staff. Following the presentation, a Public Hearing was held to receive public comments related to the Plan. No members of the public were present to provide comment at that meeting.

Following the Public Hearing, the District's SEPA official, General Manager Curt Brees, issued a Determination of Non-Signification (DNS) for the Plan and Public Notice of the Determination was published in the Everett Herald with any comments due to the District by April 9, 2018. No Comments were received.

The General Manager recommended the Board of Commissioners adopt the 2018 Wastewater Comprehensive System Plan, and approve the Plan for public distribution in accordance with RCW 57.16.010(7).

Following discussion, by motion passed unanimously, the Board of Commissioners approved and adopted the 2018 Wastewater Comprehensive Plan. The Board also adopted and executed Resolution No. 757 approving the Plan for public distribution in accordance with RCW 56.16.010 (7).

d.) Developer Extension Agreements

Mr. Gilmore presented a verbal summary to the Board of Commissioners of three Developer Extension Agreements and attached Vicinity Maps.

Salameh Sewer Extension (Single Family Residence) is located adjacent to Eastern ROW of 35th Avenue SE, north of 168th Street SE. This project is a 150 foot side sewer extension project that will provide service for a proposed single family residence. The benefitting property is currently undeveloped and this side sewer work is being proposed in conjunction with the Copper Crest Offsite Sewer DEA main line installation. The Salameh's are looking to extend water and sewer service connections to their undeveloped property for a single home. They are wanting to complete the service installations prior to the Snohomish County 35th Avenue Road Improvements Project scheduled for this summer. The project requires a DEA as the District must apply for a Utility Right-of-way (ROW) Permit from Snohomish County and the improvements will be located in the ROW. The Developers are Joe and Rose Salameh.

Silver Glen Meadows Water and Sewer (25 lot residential subdivision) is located west of 25th Avenue at the approximate extension of 120th Street SE, in unincorporated Snohomish County. This project will construct on-site water and sewer facilities to provide for the plats 25 proposed lots. The Developer is an LLC of the Taylor Development Group who recently completed the plat of Crestview Village adjacent to the District's Reservoir No. 4 site. This Developer Extension Agreement (DEA) in part replaces a DEA entitled "25th

Avenue” brought to the Board last October. That project included offsite sewer. The offsite sewer is not included with this DEA application as the developer is submitting a separate DEA for the offsite work, to simplify their application for latecomers for the properties benefitting along the offsite gravity sewer main. The Developer is Silver Glen, LLC.

Silver Glen Meadows (Offsite Sewer) begins north of the Plat of Stonewater Creek Div. 1 near North Creek and continues north and west to serve the proposed plat of Silver Glen Meadows near 25th Avenue and the approximate extension of 120th Street SE. This project will serve a residential subdivision of 25 lots called Silver Glen Meadows in unincorporated Snohomish County. This project will construct off-site sewer facilities to provide for the plats 25 proposed lots and will offer service possibility to all the land passed on extension to the proposed plat. The project will require the off-site extension of sewer main from the plat of Stonewater Creek Division No. 1. The project when completed will provide the main stem to allow the remainder of the undeveloped land west of Penney Creek and north of Ruggs Lake to connect to sewer. The Developer (Silver Glen, LLC) intends to request a Latecomer’s Agreement with the District for the sewers to be constructed with this DEA.

Following discussion, the Board of Commissioners approved and executed the Developer Extension Agreements for Salameh Sewer Extension, Silver Glen Meadows Water & Sewer (replacing the 25th Avenue DEA), and Silver Glen Meadows Off-site Sewer.

e.) Staff Report – First Quarter Bills of Sale

Mr. Gilmore presented a verbal summary to the Board of Commissioners of a Staff report listing the accepted First Quarter Bills of Sale with attached Bills of Sale for Developer Extensions, representing \$383,932.48 of utility infrastructure added to the District by Developer contribution, for their review. Following discussion, the Board of Commissioners acknowledged acceptance of the Bills of Sale for:

PROJECT NAME	WATER	SEWER
The Woodlands	\$132,114.52	\$91,608.31
36 th Avenue Sewer Extension		160,209.65
TOTAL	\$132,114.52	\$251,817.96

6.) MAINTENANCE AND OPERATION REPORT(S):

a.) Staff Report – New Phone System

Mr. Brees provided a verbal summary to the Board of Commissioners of a Staff report and regarding a New Office Phone System.

The District’s existing Headquarters office phone system has been in use for over 10 years and staff recommends that it be replaced 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 would be:

- Utilizing Voice over IP (VOIP) over our internet connections instead of regular phone lines will dramatically decrease our monthly phone cost and improve our flexibility, enabling us to communicate via Frontier, Comcast, or Verizon Wireless.
- 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.

Staff is currently evaluating vendor quotes for phone systems and will present a quote and recommendation for the Board at the next meeting. Based on quotes received, the purchase and implementation cost will be approximately \$30,000.

Commissioner Rod Keppler shared a recent personal experience calling into the District office, detailing issues with the setup of the current phone system and access to extensions of specific employees and voice mail. Staff indicated that they would troubleshoot the existing phone system and report back to the Board of Commissioners at the next meeting.

7.) INTER-AGENCY REPORTS:

a.) City of Everett – Meeting Report – Review of Sewer Rate & Coordination of Water Service – Master Meters 2 & 3

Mr. Brees provided a verbal report to the Board of Commissioners regarding the City of Everett and SLWSD Meeting to review sewer rate calculation for 2018 and the coordination of water service to portions of the District and City of Everett previously served by Master Meters No. 2 and 3.

8.) STAFF REPORTS

a.) District Engineer:

No further report.

b.) Finance Manager:

Mr. Nelson provided an update to the Board of Commissioners regarding coordination with the Alderwood Water & Wastewater District for the transfer of sewer flows from LS#11. This basin with Alderwood is experiencing rapid growth, and the resulting connection fees paid to the District will be more significant than the initial estimate.

Mr. Nelson also reported that Cathy Odenborg has started work for the District as a Part-time/On-call Utility Clerk. Following a period of more intensive training, Cathy will work a Part-time/On-call schedule to support and back fill the two current Full-time Utility Clerks.

Mr. Nelson shared with the Board of Commissioners that the District is evaluating new service offerings that expand options for customers to review and pay their bills online. While the District currently offers several options, many more are now available and the associated costs for the services are dropping to a level that is comparable to current processing fees.

Mr. Nelson, indicated that there is no update or Exit Conference scheduled at this time with the SAO.

c.) **Attorney:**

Mr. Milne provided a brief update to the Board of Commissioners concerning two lawsuits in King County related to water and sewer districts. First, the suit between King County and multiple water and sewer districts and the State Association is proceeding, with a date scheduled for the court to hear motions in July, 2018.

Second, Mr. Milne reported on a new excise tax enacted by the City of Federal Way that is being challenged by districts that provide utility service within the City. The tax is a based on gross income and is not authorized specifically by State Law.

d.) **General Manager:**

Mr. Brees reported that Mr. Lucas Allen has successfully completed his CDL training and passed his drivers examination. New standards require 160 hours of training prior to testing. Mr. Brees has determined that, based on this achievement and other job performance, effective April 26, 2018, Mr. Allen's salary will be increased by approximately 4%. The Commissioners concurred with this action.

Mr. Brees also reported that the District recently learned that on April 3, 2018, several fire hydrants were vandalized at six reported locations within the District. Vandals removed the main port cap, opened the hydrants, and then drove away. Police and the Fire Department responded prior to any flooding or damage; however, the District was never contacted directly. Copies of the 911 Dispatch Records were obtained by the General Manager, and the District intends to submit a map and list of procedures and contacts to 911 dispatch in the hope that District staff is contacted if there are similar instances in the future. Locations of the vandalism were inspected by District staff.

Mr. Brees indicated that an all staff BBQ has been scheduled for Friday May 25, 2018. The Board of Commissioners instructed the General Manager to close the District's Office at Noon on May 25, 2018, in observance of the Memorial Day Holiday.

Mr. Brees provided a notice from WASWD regarding the passing of Commissioner Frank McDaniel of Lake Stevens Sewer District, who passed away on March 20, 2018.

This ends the Minutes of the April 12, 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

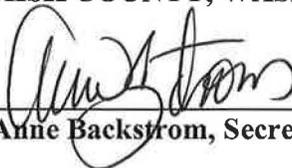
I, the undersigned, Secretary of the Board Commissioners of Silver Lake Water and Sewer District, Snohomish County, Washington (the "District"), hereby certify as follows:

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 12, 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 April 26, 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 26th day of April 2018.

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



Anne Backstrom, Secretary